

NEWS SUMMARY

Israel's stock market

Equities off 2.4; Wall St. lower

GILTS came under pressure as doubts about economic prospects undermined stock market sentiment, but prices later regained some ground. Short gilts, in particular, staged a recovery.

Frontiers

Rees, Home Secretary, said the National Front was a "very serious" threat to the country's security. He said the government was taking steps to deal with the threat.

Equities

Equities off 2.4; Wall St. lower

The FT 100 fell 2.4 points to 441.8, off 2.4 at 10 a.m., closed at 441.8, off 2.4 at 10 a.m. Pressure to change London's trading system, Page 18.

Shell may cut refinery output

ROYAL DUTCH/SHELL is considering cutting the operating capacity of its big Pernis refinery in Rotterdam by nearly two-thirds, BP announced a few days ago that it would close its Rotterdam refinery for at least two months. Back Page 8.

Commercial Union's U.S. profit

COMMERCIAL UNION Assurance, one of the largest insurance groups in the U.K., reported yesterday a return to underwriting profitability in the U.S. last year, after three years of substantial losses, and an overall underwriting profit in the final quarter of £70,000.

Price changes yesterday

in pence unless otherwise indicated

Trust	74	+1
Ham Pallet	51	+2
Ham Union	143	+2
Accident	206	+4
rt Irish	581	+14
Shanghai Bk	250	0
Sugar	14	+4
ies Sims	825	+20
Mineral	523	+1

PRICE CHANGES YESTERDAY

Costain (R.)	240	-8
Daily Mail A	278	-5
Brode	68	-4
Finlay (J.)	260	-13
Gill & Duffus	190	-10
Hawthorn	150	-8
Ladbroke	162	-5
Mitthred	182	-6
Rutners (Hewellers)	87	-8
Reckitt & Colman	390	-10
Rowntree Macintosh	245	-7
Samuel (R.) A	237	-11
Savoy A	60	-4
Taylor Woodrow	340	-6
Thomson Org.	150	-4
Trust Houses Forte	160	-6
Vesper Industries	150	-10
Walker (J.)	64	-6
Slebens (U.K.)	244	-14
St. Helena	776	-21

Job creation plan may include short-time subsidy

BY GUY DE JONQUIERES AND CHRISTIAN TYLER

A subsidy for short-time working could form part of a Government package of further spending on job creation and protection expected to be unveiled within the next two weeks, well before the April 11 Budget.

The new scheme would replace partially or totally the current Temporary Employment Subsidy and could end the row between Britain and its EEC partners over what other Common Market countries see as an illegal subsidy for certain industries.

Employees on short-time working would be subsidised by having their pay made up to that for a full week's work. The present arrangement subsidises the employer and thus, it is claimed, the output of inefficient factories.

The scheme would be aimed particularly at the textiles, clothing and footwear sectors, at the centre of the dispute with the EEC. But it has to overcome opposition from the TUC, which thought to be concerned that the qualifying procedures would be too complicated and anxious that the Government does not give in to EEC pressure.

It is believed that the differences between the Government and the EEC Commission on job protection have narrowed significantly following a visit to Brussels by Mr. Albert Booth, the Employment Minister.

Commission officials suggested that enough progress had been made for Mr. Booth to present the outlines of a possible settlement to his Cabinet colleagues and the two sides of industry during the next few days.

British officials were more cautious, emphasising that some points were unsettled and that further negotiations would be needed. But the U.K. has told the Commission that it would like a final resolution by March 15, so that the new scheme could be introduced from April 1.

The U.K., which submitted its proposals for the new subsidy plan at the start of this month, is believed to have indicated that it is ready in principle to accept at least two of the Commission's main demands. These are that Brussels should be told in advance of subsidies to be paid to firms with more than 50 employees and that any firm benefiting from the scheme for more than six months must submit a reorganisation plan.

Other Governments will be consulted directly at a meeting to-morrow, when the U.K. and the Commission will present their arguments concerning the shape of the proposed new scheme. It will then be up to the Commission to decide whether an acceptable settlement can be reached or whether to take Britain to court for violation of the Rome Treaty.

While this decision rests with the Commission, it cannot ignore reactions of other governments. Ireland, in particular, has taken a hard line against the Temporary Employment Subsidy and has included in its draft budget plans for a £5 per head subsidy for textile, clothing and footwear workers to counter the British scheme.

In Britain, the thinking is that the Bill for extending employment subsidies will have become law by the end of March, by which time the Government hopes to have reached a compromise agreement with the Commission.

Other subsidies whose life could be extended after March 31 are the early retirement or "job release" scheme and the small firms employment subsidy.

The TUC, as well as insisting that the Temporary Employment Subsidy be left untouched, is asking that the job release scheme apply for two years before statutory retirement age instead of one and that the small firms subsidy be widened to cover all manufacturing in all areas of the country.

Railways and unions meet to-day in strike peace bid

BY NICK GARNETT, LABOUR STAFF

OFFICIALS of the three rail unions and British Rail are expected to meet to-day in a last effort to prevent the series of one-day train drivers' strikes, the first of which is due at midnight to-night.

ASLEF, the drivers' union, has agreed to modify its peace proposal based on an inquiry and is prepared to "suspend" the strike providing the National Union of Railwaymen also agrees to the inquiry.

The proposal involves the unions referring to a tribunal the circumstances leading to the dispute between ASLEF and British Rail, and the means of sorting it out.

Mr. Sid Weighell, NUR general secretary, said last night that it was by no means certain that his executive, due to discuss the situation before the joint union meeting, will agree to the inquiry's terms of reference.

Mr. Weighell said there could be some tough talking ahead, and today might prove a long and rough. British Rail said it would consider the position.

Mr. Len Murray, the TUC general secretary, again acted as an intermediary between the two unions, holding talks with both the ASLEF executive and NUR officials.

He said last night that he expected the unions to meet to-day at TUC headquarters. The situation was "very difficult".

The dispute has been threatening the course of talks on a new pay and productivity deal for the railways.

Both NUR and Transport and Salaried Staffs Association have written to ASLEF protesting about the last-minute cancellation by ASLEF of last Thursday's meeting of the Railways Staff National Council.

Mr. Tom Jenkins, general secretary of the TSSA, took a "severe objection" to the cancellation. It made "a farce" of the joint negotiating machinery.

Commercial Union's U.S. profit

BY ERIC SHORT

COMMERCIAL UNION Assurance, one of the largest insurance groups in the U.K., reported yesterday a return to underwriting profitability in the U.S. last year, after three years of substantial losses, and an overall underwriting profit in the final quarter of £70,000.

The group experienced record losses in 1975 of £75m. in the U.S., its largest territorial account.

As a result it took drastic corrective action, closing agencies, reducing staff and eventually replacing its chief executive, Mr. Gordon Dunlop, by Mr. Jack Emms. The directors refused to disclose the amount paid to Mr. Dunlop, but it will be given in the accounts due to be published on March 23.

The 1976 account reflected the first results of this action with losses reduced to £28.5m. Last year saw further benefits which together with the improved operating conditions generally now closed to new business.

Overall pre-tax profits and earnings of CU doubled to £299.8m. and £367.6m. respectively.

The problem area in general insurance last year was Holland, with an underwriting loss of £15.6m. against £8.1m. in 1976. Mr. Emms attributed this to a lack of discipline in rate-fixing.

Dutch authorities were reluctant to grant adequate increases and there was intense competition. Rate increases in the autumn and in January should alleviate the position this year.

Mr. Emms expressed optimism for results this year, though he warned of difficult conditions in Australia.

Motor experience in the U.K. had deteriorated over the final quarter of 1977, and an increase in premiums was foreseen.

The market was pleased with the results, which were better than expected, and the share price closed 50 higher at 143p.

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Plan for recovery by Reed Paper

By Nicholas Colchester

REED PAPER, the Canadian subsidiary of Reed International, yesterday announced measures to eliminate its problems. The company announced extraordinary losses of \$446.2m. (£21.5m.) for last year, on top of an operating loss of \$23m. It outlined the main elements of a recovery programme.

The losses confirmed the market's worst fears after a period of intense speculation about Reed's Canadian problems. In the wake of the figures and after a lunchtime meeting between management and some of Reed's institutional shareholders, Reed International share price went up 4p to close at 109p, a rise of 2p over the day.

The extraordinary charge included losses of \$231.1m. on the sale or closure of operations which Reed Paper is to discontinue as part of the recovery programme.

There was a further loss of \$163.3m. on businesses which the company plans to continue but on which good-will has been written off.

There is a general provision of \$10m. to cover possible losses on marginal operations which Reed is attempting to turn round.

The operating loss was in line with Reed's earlier forecasts. The main elements in the deficit were losses at Dryden pulp mill, another loss-making year for the decorative products division, losses in the packaging and containerboard business, and the considerable cost of the company's debt.

The key to Reed's recovery programme is a decision to sell businesses, with sales last year of \$231.1m., which generated losses totalling \$163.3m. The company has announced the sale of one of these businesses - Reed National (Canada), a decorative fabrics company. The sale of the rest is being negotiated.

Reed has attempted to put its continuing businesses in order. Corporate overhead costs have been reduced by \$13m. a year, partly by cutting Reed Paper's corporate office staff by 30 per cent. over the year.

Rigorous financial controls have helped bring about a positive cash flow in the fourth quarter.

The management has decentralised authority into the operating divisions.

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Swiss harden moves to bar foreign funds

BY JOHN WICKS IN BERNE AND MARY CAMPBELL IN LONDON

THE SWISS authorities yesterday announced a tough new package of measures to keep out foreign funds. The Swiss National Bank had already announced some moves last Friday but decided at the weekend they were insufficient to cope with what it regards as last week's "completely unrealistic development in the exchange rate."

Yesterday's measures were described by one senior National Bank official as the toughest barriers since the second world war. They include a ban on purchases by non-resident foreigners of all Swiss franc domestic securities - whether shares or bonds - and the introduction of limits for which the details still have to be determined on foreign purchases of Swiss franc bond issues by foreign borrowers.

As a result of the announcement, the Swiss franc fell sharply on the foreign exchange markets. The rate for the U.S. dollar rose to Sw.Frs.1.9025 and though it fell back later, the closing rate of Sw.Frs.1.8900 was higher than has been seen for more than a week.

Before the announcement of the measures the dollar had fallen from Sw.Frs.1.8225 from Friday's close of Sw.Frs.1.8550.

In a move aimed particularly to cut back inflows of French francs, the measures also include a limit of Sw.Frs.20,000 per person per quarter on imports of banknotes into Switzerland. A similar ruling was in force for a year from April 1974, but then it was aimed primarily at countering a flow of lire into the country.

In order to increase the Swiss National Bank's capacity to intervene in the foreign exchange market, particularly to order to influence the Swiss franc interest rate levels, the limit on forward foreign exchange transactions by the Swiss National Bank has been raised from three months to two years.

The Finance Ministry said yesterday that the ban on foreign purchases of Swiss domestic securities was necessary to counter the sharp rise which would have resulted from the higher restrictions on foreign bank deposits announced last Friday.

Foreigners are not thought to have been substantial purchasers of such issues recently since the shortage of issues on offer has meant that domestic investors have taken up most of the available paper.

However, foreigners are substantial holders of Swiss franc domestic securities, particularly shares. It was not clear last night whether the new measures would effectively ban foreigners from switching from one security into another as well as from increasing their net holdings.

The lack of new paper on offer in the domestic market is likely to mean that a limit on foreign purchases of Swiss franc denominated issues by foreign borrowers provided it was not too stringent, would not for the time being at least reduce foreigners' capacity to borrow on this market. Swiss franc bond issues - and more importantly private placements - have been an important source of capital for international borrowers recently.

Foreigners raised \$850m. on this market in the first six weeks of this year (\$340m. as bonds and \$510m. in private placements). In 1977 as a whole the amount raised was \$4.7bn.

On the last evening when quotas were in force, 68 per cent. of issues by foreign borrowers had to be sold to Swiss residents with 35 per cent. available to foreign investors.

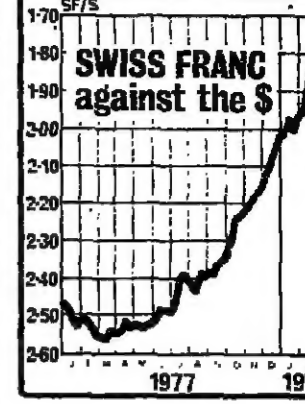
To some extent the Swiss National Bank is restricted in the limits in which it can apply since unless foreign issues continue strongly the large volumes of older issues which are maturing will swell the inflows into the Swiss franc.

Yesterday's Finance Ministry communiqué says that both government and monetary authorities are convinced of the importance of increased international co-operation in the monetary sector.

In a separate development, the Federal Council at its meeting yesterday passed a Bill for the revision of the law governing the operations of the National Bank. This draft legislation, which will now go before Parliament, would allow the National Bank to levy minimum reserves on commercial banks' deposits and their growth.

Amongst other provisions, the new law would extend the central bank's power to buy and sell securities.

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Olympia's new desk-top copier

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EUROPEAN NEWS

Crucial decision for Italy's Christian Democrat party

BY DOMINICK J. COYLE

ROME, Feb. 27.

DEPUTIES and Senators of Italy's governing Christian Democrat party went into special joint session here tonight for what one senior member described privately as the most important meeting in the party's history. At issue is the question of whether to accept the Communist Party in a new Parliamentary majority.

The Communists, Italy's second largest party, was supported by more than one in three voters in the last general election. They insist that the price of their backing for a new Prime Minister-designate, the minority Christian Democrat Administration is their inclusion in the governing majority.

Though they would not be represented in a new cabinet, the Communists have agreed to support the government and to abstain from any vote of confidence or censure in the Chamber of Deputies.

The alternative, after six weeks without a government and against a background of escalating violence in many cities, would appear to be new elec-

tions. On the basis of recent opinion polls, these might not radically alter the present Parliamentary arithmetic, which gives no single party an overall majority.

This evening's meeting will continue into tomorrow and is to be followed by a meeting of the Christian Democrats' central committee. Many Christian Democrat backbenchers are resisting strongly a deal involving a formalised Parliamentary alliance with the Communists for the first time in 30 years.

Sig. Giulio Andreotti, the Prime Minister-designate, has already reached a measure of all-party agreement on a new economic programme for Italy. But the Communists refuse to confirm their commitment to this outline package until they are satisfied that political concessions will be forthcoming from the Christian Democrats.

Communications dispute may affect Irish posts

BY GILES MERRITT

DUBLIN, Feb. 27.

IRELAND'S telephones and Telex service entered its fourth week today amid threats of more disruptive strike action than before and reports that postal services will also be affected.

During the past 10 days, telecommunications links have been restored to an estimated 80 per cent. of normal efficiency by the Department of Posts and Telegraphs' managerial personnel. But with the deadlock between the Department and the striking technicians still unresolved, the latter are understood to be widening their action.

A call for peace talks by the Irish Post Office Engineering Union (IPOEU) was today

ignored by Mr. Padraig Faulkner, the Minister for Post and Telegraphs, who is insisting on a return to work by all technicians before negotiations can begin. In answer to walk-outs this morning by technicians at a number of telecommunications centres, the Department suspended a further 100 men, bringing to 1,200 the number of engineers and technicians now under suspension. That total represents about a fifth of the IPOEU's membership and the conflict appears to have hardened into a bitter confrontation between the Flanna Fail Government and the technicians, in which the original dispute over new work rules has been lost from sight.

Mobil rebuked over North Sea oil platform fire

BY FAY GJETER

OSLO, Feb. 27.

MOBIL, operating company on the North Sea Statfjord field, where five men died in a platform fire at the weekend, has been sharply rebuked by Stavanger's chief of police for failing to give immediate warning of the accident to Norwegian authorities.

Minist officials did not contact the emergency rescue centre at Sola Airport, near Stavanger, until two hours after the fire broke out—a clear violation of the rule which states that the centre must be informed of North Sea accidents immediately, and before anyone else.

An alert operator at the centre had by that time already learned of the fire—from overhearing radio conversations—and reported it to the oil distillate, the police, and Statoil, the state oil company.

"An accident in the North Sea is not the private business of the oil company concerned," Oscar Franck, the police chief, commented. "It is for the Norwegian authorities to decide what assistance is needed—not the company alone."

Mr. Franck, a member of the inquiry commission into the Ravn blow-out, recalled that the centre had not been told immediately about the accident either.

"With a North Sea accident, an hour is an ocean of time, and may mean life or death for many people," he pointed out.

The five men who died on the Statfjord platform were working in one of its high-risk areas—deep down in one of the three concrete supporting pillars.

In the event, the fire was discovered purely by chance—by an Sola Airport, near Stavanger, off-duty worker taking exercise on the stairs near the top of the shaft. Spotting flames and smoke, he alerted the platform's fire-fighters, but it was two hours before they could subdue the blaze sufficiently to reach the trapped men—by this time dead from lack of oxygen.

It is not yet clear whether the accident will still further delay the start-up of production from the giant Statfjord field, at present scheduled for late 1978. Construction of the field's first platform—the largest offshore production installation anywhere in the world—has been plagued by delays and soaring costs.

Installation work on the platform was continuing normally today except in the fire-damaged area. But union officials have urged that no further welding should be allowed in the shafts until the cause of the fire has been discovered.

No Greenland drilling this year

BY HILARY BARNES

COPENHAGEN, Feb. 27.

THERE WILL be no drilling for oil and natural gas off the west coast of Greenland in 1978, the Danish Ministry for Greenland has announced. The ministry has received no applications from concession holders for drilling this summer which, in practice, rules out any drilling this year, according to Ministry sources.

The first exploration wells off the west coast were sunk in 1976 and 1977, but the results were disappointing. Although there is no basis so far for concluding that the oil companies have definitively abandoned the search for oil and gas off West Greenland, the optimism with which they entered the search has, as sources put it, evaporated.

On the basis of recent opinion polls, these might not radically alter the present Parliamentary arithmetic, which gives no single party an overall majority.

Danish PM denies French poll intervention

Prime Minister Anker Jørgensen yesterday issued a statement denying that he intervened in the French election campaign or had any intention of doing so. Hilary Barnes writes from Copenhagen.

The French Government has protested against a statement about Mr. Francois Mitterrand made by Mr. Jørgensen at a Press conference at the National Press Club in Washington last week. But Mr. Jørgensen said he denied Press reports that he had said he expected Mitterrand to win the election and said he had been misinterpreted.

● Danish consumer prices rose by less than 0.5 per cent. during January, the Government's Bureau of Statistics said on Monday. A.P.D.J. adds. The Bureau's index—1964 equals 100—for January was 292.7 against 291.6 for December, a rise of 0.4 per cent. The January index compared with 299.9 for January 1977, meaning that consumer prices rose by 12.6 per cent. over the past year, the Bureau said.

● Denmark was declared a smokeless nation yesterday—a 24-hour anti-smoking exercise estimated to cost 15m. kroner (8263m.) in lost taxes, Reuters reports. The Tax Minister, Mr. Jens Kampmann—a pipe and cigar smoker—is an ardent supporter of the campaign launched by the Danish Society for the Prevention of Cancer. Millions of pamphlets on the dangers of smoking have been circulated and smokers have been urged to send the cash they would have spent on tobacco to the society.

Spanish steel demo

More than 100,000 workers from the Northern Asturias mining region demonstrated here yesterday in an attempt to persuade the Government not to close down steel factories as part of its plan to streamline the troubled industry. Reuters reports from Madrid.

A reduction in domestic demand and tightening up of anti-dumping laws in Spain's main export markets—the U.S. and the E.C.—have plunged the steel industry into crisis.

Meanwhile, Mr. Christopher van der Klaauw, arrived in Madrid last night on a two-day official visit, the first by a Dutch Foreign Minister since the 1938-39 Spanish Civil War.

Dissidents in hospital

A group of Soviet workers who formed an independent trade union to defend their rights said yesterday that two members had been sent to psychiatric hospitals while their founder and four others were missing, presumed detained, Reuters reports from Moscow.

Spain's bishops meet

Spain's Roman Catholic bishops met yesterday to elect a new President to lead the church through a difficult period of crisis. The election took place in the presence of the Archbishop of Madrid, Cardinal Vicente Enrique Tarazona, Archbishop of Valencia, and President of the Episcopal Conference since 1971, told the bishops the approval of a new draft Spanish Constitution in the next few months would usher in an important era for the Church.

GM deadlock

A strike at the U.S.-owned General Motors plant in Strasbourg has entered its seventh day after management union talks broke down. A company spokesman said a meeting called this morning ended in total failure. Reuters reports from Strasbourg.

The dispute at the plant, which makes automatic gearboxes, began last Tuesday when some 800 of the 2,000 workforce walked out to support demands for 30-minute snacks breaks and shorter working shifts.

EEC coal output

Coal production in the European Community declined 20.3 per cent. in January from December but was up 0.9 per cent. from a year ago, Commission figures published on Monday showed. A.P.D.J. reports from Brussels.

January coal production totalled 15,340,000 metric tons down from 20,014,000 tons in December and up slightly from 15,177,000 tons in January 1977.

THE BATTLE FOR LILLE

PIERRE MAUROY was allowed to join the Socialists as a reward for passing his Baccalaureat. His first memories of socialism were of Sundays, when the women went to church and the men of the village of Cartignies used to parade in the square singing the Internationale.

He still frequently makes the 70 km. trip "south" from Lille to his native village near the run-down Usnor steel complex of Valenciennes. But his feet have grown in those 30 years. For Mauroy a large, chunky man, round-faced behind almost square spectacles, is Mayor of Lille, President of the Regional Council, MP for part of the city and the second man in the French Socialist Party.

French politics is vertically integrated, the traditional combination is Mayor, MP and Minister. In a political world where local power bases count, particularly in the Socialist Party with its heterogeneous origins, Pierre Mauroy ranks with Gaston Defferre in Marseille as one of the biggest barons in the party.

Mauroy is a political generation younger than Defferre. His years as a young socialist leader pushed him into the party hierarchy and, at 49, he is the party's organisation man. But his great talent is for human contact rather than the assimilation of dossiers. His closest aides are reconciled to the fact that he will always be better in the bistro than in the box.

There are 4m. people in the two departments Nord and Pas de Calais which form the region. The Lille urban community counts 1m. people divided into no fewer than 87 local government units while his personal domain of Lille itself numbers only 190,000 inhabitants.

The region is suffering. Coal, steel, textiles—each has known or is in the throes of crisis. The unemployment rate is two points above the national average, and it is reckoned that some 70 per cent. of the workforce has no educational qualification of any sort.

It is a region with its own identity, quite apart from the characteristics stamped on it by the industrial revolution. Lille has been French longer than it has been Flemish and the steep pitch of the roofs, the contours

Parties vie over minimum wage increase

BY OUR OWN CORRESPONDENT

PARIS, Feb. 27.

THE FRENCH election battle has begun to focus on the left-wing pledge to increase the minimum wage by 27 per cent. to Frs2,400 a month immediately to Frs2,500 a month.

The magic figure of Frs2,400 was proposed by the Communists. The Socialists at first stuck at Frs2,200, saying it would be economically disastrous to go higher, although they went higher nonetheless in order not to be outbid by the Communists.

M. Raymond Barre, the Prime Minister, has launched a furious attack on this promise. The 10 million small companies in bankruptcy, provoke unemployment, and create such inflation

that workers would get their wages in "monkey money," he has declared.

He has resorted to a parable to get the message home: his barber would have to sack two of his three employees if he had to raise their wages from Frs1,500 to Frs2,400 a month, he has announced. M. Jean-Jacques Servais-Schreiber, the Radical leader who has emerged as a main figure in the rather bereft

Third man named in Cyprus trial

By Our Own Correspondent

NICOSIA, Feb. 27.

EVIDENCE of a third man seen with the two men accused of the murder of Mr. Youssef el-Sibai, the Egyptian newspaper editor, was introduced by the prosecution at the opening of the preliminary inquiry at Nicosia District Court today. Mr. el-Sibai was assassinated at the Nicosia Hilton Hotel on February 18.

Eleven witnesses testified for the prosecution today, and preliminary hearings, which will continue tomorrow, are expected to last several days. Police took extraordinary security measures as the two accused were brought to court in a prison van and a ring of barbed wire was placed around the court entrance during the hearing. Only lawyers and journalists were allowed into the courtroom.

According to immigration officials who testified before the judge, Mr. Petros Michaelides, the two accused, Samir Mohamed Khadar, 28, a Jordanian, and Zayed Hussein al Ali, 26, a Kuwaiti, arrived in Cyprus separately on February 13 and 14 respectively. They flew from Athens, checked into separate Nicosia hotels and stated that their next destination would be Beirut.

The third man was named as Riyadh Samir al Ahd, 30, who held an Iraqi passport and gave his profession as merchant. He too came on a flight from Athens on February 14 and stayed in a room next to al Ali on the Hilton hotel's fifth floor.

The court was told that Mr. al Ahd left the hotel early on February 13 and flew to Athens about three hours before Mr. el-Sibai was shot dead in a corridor of the hotel.

The Cyprus Government has refused Egypt's demand to hand over the two men.

Depression in the Socialist heartland

BY DAVID CURR

of the facade and the stepped profile of the gables betray the city's Flemish and Burgundian affiliations.

But above all Lille and its hinterland is the Socialist heartland of France. Based on the coal industry, Socialists have ruled this area for 60 years.

It is a moderate, social democratic tradition. The Socialists here are traditionally anti-Communist. Their loyalties go back to the pre-war Socialism of Leon Blum, to the French section of the Workers Interna-

The second big band of Socialist territory is in the south of the region south of the Communist territories around Valenciennes. Of the 37 seats in the region, the Socialists hold 16.

The Mairie of Lille—a 1820s monument of concrete and red brick—looks like an uneasy compromise between a railway station and a highlands hotel. Squat, it is surrounded by a slender tower topped by a belfry which inescapably gives it the air of a wailing dipodomys.

The town council is Socialist, Communist and Independent. Mauroy is the man of unity who has supported faithfully the strategy of Union of the Left espoused by Francois Mitterrand, the Socialist leader. At last year's local elections he headed a union list which brought, for the first time, Communists into the town hall.

But, characteristically, he also invited the Independents (non-Socialists to a man) who are linked with industry and business to continue their alliance with him to run the city. As a result, seven Independents joined 13 Communists and four Radicals of the Left on the Mauroy list of 48—a list which comfortably beat the Gaullist-led Conservative coalition.

Since then the Communists have lain fairly low. "They do nothing but read out speeches

written for them in advance," of north Valenciennes and hinterland. Outside this belt Calais, Communists and so is the region south of Boulogne. The Government hangs on precariously. Dunkirk itself but its surrounding area, with the new coastal steelworks of Usnor, threaten permanently to engulf it for the Left.

The Gaullists in the region by tradition liberal and secular. Their basic strength is in Catholic, Flemish, country. But they are fighting to hold it to their urban seats. Lille itself held by the Gaullists. M. Norbert Segard, Mayor of Lille, but the Tourcoing constituency and Lille No. 3—a vulnerable, and Cambrai, Valenciennes could swing hands.

Defending nine seats, Government faces a difficult fight in no fewer than six. A fight complicated by personal rivalries which have erupted in some constituencies and the uneasy relations between the Gaullists and the Centre. The tradition of the region for bitter hostility between Socialists and Communists. The break-up in the Union of the Left has not played up local quarrels in the region. This is mainly because both regard it as being a return to more natural situation. It is universally expected that the Left will have difficulty consolidating the Socialist-Communist vote at the next round even if the parties go to an agreement at national level.

As for Pierre Mauroy—a Minister in the Left Government and often tipped Minister of the Interior—his own election prospects are problematic.

He faces nine challenges including candidates for the Socialist, the Workers' Peasants Union for Proletarian Democracy, and Trotskyists. Perhaps the most intriguing standing in the name of "Right to Housing." Mr. Barre hopes to collect his votes after all, for his supporters make the effort to go to the polls would betray the integrity of his cause.

The French Elections

But if Lille is Socialist, the region as a whole is far from Socialist dominated. The steel workers have gone heavily Communist, at least in the old steel centres of the industrial revolution. Douai, Denain, Bethune, Bruay, the coal and metals belt, are Communist strongholds around the big traditional steel centre of Valenciennes and they lack only the last Gaullist outpost

that workers would get their wages in "monkey money," he has declared.

He has resorted to a parable to get the message home: his barber would have to sack two of his three employees if he had to raise their wages from Frs1,500 to Frs2,400 a month, he has announced. M. Jean-Jacques Servais-Schreiber, the Radical leader who has emerged as a main figure in the rather bereft

West Germany faces metalworkers' strike

BY JONATHAN CARR

WEST GERMANY is facing the threat of a potentially highly damaging strike in the metalworking sector in which some 4m. workers are employed.

Wage negotiations between employers and the trade union, IG Metall, in two key regions have broken down. Official mediation efforts have failed and the union's national executive committee seems likely to agree on Wednesday to a strike ballot. There have already been many brief, work stoppages and the air is thick with recrimination.

That said, it must be stressed that a strike can still be avoided. While the tone of exchanges is tougher than it used to be, it is much too early to suggest that West Germany's relatively peaceful labour-management relations are slipping towards anarchy.

Collective bargaining here has long been a cross between a game of poker, requiring steady nerves and one of chess, demanding intellectual concentration. The last move in the latest game has not yet been made and everyone is still playing to the rules.

To foreigners, the West German negotiating process often seems stylised and unreal. The union presents its wage demand with sophisticated economic and financial argument supported by copious data. The employers do the same. At times, the subsequent negotiations sound like an academic review of the world economy and W. Germany's place in it. Should they produce no result, a mediator acceptable to both sides is appointed. If he fails, then the union can agree to a secret ballot if a strike is to be called at least 75 per cent. of the membership must vote in favour.

This process involves numerous breaks for cooling off. Strong nerves are required to decide at which point everything possible has been squeezed out of one's negotiating opponent or—as he is described in Germany—"one's social partner."

Much of W. German collective bargaining, including that in the metalworking sector, takes place

at regional level and is carried out at varying speeds. If one area is to be about to produce a result compromising slower negotiations in another, a brake is promptly applied. One of the many problems is to distinguish between a tactical slowdown and a firm dig-in of heels.

In the metalworking industry, the key negotiating regions are North Rhine-Westphalia (including the Ruhr), on the one hand, and North-Westphalia, North-Baden on the other. The results—by lack of them—here send an almost irresistible signal to the rest of the country. And it is here that the current problems loom most large.

In North Rhine-Westphalia the employers offered a 3 per cent. wage increase. In North-Westphalia, North-Baden it was 3.5 per cent. The union demanded 5 per cent. in both areas.

At first sight there is an almost unbridgeable gap. Already in North Rhine-Westphalia, the employers are privately suggesting they could not manage more than an increase of 4 per cent.

and the unions are saying they must have 5 per cent. It is constantly emphasised that this process is, and must remain, free of Government interference. Chancellor Helmut Schmidt said this week-end that he would prefer to resign rather than to see the freedom of the negotiating partners undermined.

But this does not stop the Government presenting what it calls "orientation data"—indeed, it is required by law to do so. This year the key figure for the average wage increase is set at 3.5 per cent. If the aim of a 3.5 per cent. real growth in GNP is to be achieved.

Herr Schmidt himself has been playing an important role—often behind the scenes. He has advised both sides to be moderate, which means that the Social Democratic Chancellor is telling unions not to fly too high just as he is prodding the manufacturers into not sticking too low.

Most union leaders in West Germany are having a harder time than they used to. The rank and file has become if not

militant by the standards of Britain, at least much less docile. Herr Eugen Todman, head of IG Metall, has an especially bad job. His union has some 2.6 million active in every factory having something to do with metal work. That means that some sectors, such as the boot or automobile industry, can afford to pay a higher wage to attract workers, say, medium-sized engineering, and even the car maker, who is not being pushed beyond a limit which he knows employees can pay.

Finally, the negotiations this year are also being hampered by the lack of a really outstanding leader on the employers' side. That is chiefly because of the takeover of Dr. Hannu Mait Schleyer, he was in the working field and while it unions had tough negotiations with him they also achieved agreements which in the long run proved eminently satisfactory for both sides. Dr. Schleyer is sorely missed.

Little optimism in manufacturing

BY OUR OWN CORRESPONDENT

WEST GERMANY manufacturing companies see the general business climate as relatively satisfactory but do not appear to have much optimism about their prospects over the next six months, according to the latest survey of business opinion by the IFO Institute of Economics.

Reporting on its findings during January, IFO says that most companies reported a decline in new orders that month, although current production remained unchanged from December.

Two other conclusions tend to clash with the cautious predictions of a pick-up in the

economy being made by official sources: IFO reports that few companies have any reason to expect an increase in production in the next few months, and there is little chance that the demand for skilled labour will increase. This last point, the Institute states, is measured by the number of respondent firms with unfilled vacancies, a figure which in January was only 1 per cent. above its average level for the whole of 1977.

In the capital goods sector, often regarded as the most important category in assessing the economic outlook, IFO found general agreement that

IG-Druck steps up pressure on employers

BY ADRIAN DICKS

THE WEST GERMAN printers' lock-outs in order to build up support for a strike among its rank and file. The employers refused of individual newspapers to conclude house agreements. House agreements were requested by the union, following the breakdown of national negotiations over the introduction of new technology. On the employers' federations' orders how-

ever, the requests were turned down. Strictly speaking, the union's position is now that of putting on pressure against individual firms in order to force them to join the national federations. In essence, the employers' organisations have sought to place the heat again squarely on the IG-Druck leadership, emphasising that the union itself helped to drive the draft national agreement for the new technology which was rejected to its members.

ANKARA, Feb. 27.—The Turkish State and the Swiss franc would be put into effect, in line with the suggestions of the International Monetary Fund (IMF). Turkey has negotiated with the IMF for extension of credits, but the talks ended without agreement. The new Administration here is expected to send a team to Washington next month.

The IMF suggested that Turkey should cut government expenditure, decrease imports, shake-up state economic enterprises, and readjust the lira, Reuters.

Turkish plan taking shape

A TEAM from Turkey's State Planning Organisation (SPO) is believed to be working on a package of economic measures aimed at stopping further falls in the value of the lira.

However, SPO sources would not confirm speculation here that the package also includes a substantial devaluation of the lira against major foreign currencies.

The mass circulation Turkish newspaper Cumhuriyet reported that a 15 per cent. devaluation of the lira against the D-mark

Highlights from our Balance Sheet (in million DM)

1977 1976

Business Volume 1,033 636

Balance Sheet Total 1,025 508

Credit Volume 558 431

Share Capital 40 40

Deutsch-Skandinavische Bank AG

Highlights from our Balance Sheet (in million DM)	1977	1976
Business Volume	1,033	636
Balance Sheet Total	1,025	508
Credit Volume	558	431
Share Capital	40	40

During its first full financial year the Bank, established in 1976, could substantially strengthen its position as specialist for Scandinavia.

In addition to loan financing including a forfait activities, money dealing and foreign exchange transactions, the Bank entered into fixed-interest securities trading.

Through the two shareholders, Bayerische Landesbank Girozentrale and Skandinaviska Enskilda Banken, the Bank has direct access to local markets around the world.

We shall gladly send you a copy of the full Annual Report. Simply call or write to:

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OVERSEAS NEWS

Mrs. Gandhi heads for second win

K. SHARMA

captured the southern Karnataka yesterday. Mrs. Gandhi's Congress (I) victory was thought to be a certainty. The poll debacle has plunged Congress into a deep crisis and it retrieves its position in Maharashtra—the third southern state where elections were held—its future is bleak. In spite of indications that the Congress was doing better in the eastern states of Assam and West Bengal, where it has also been held, its reverses in the south suggest that the party organisation will fall into Mrs. Gandhi's hands.

Mrs. Gandhi's surprise re-emergence as a powerful political figure has cast its shadow also on the Janata party, which had hoped to establish some kind of a base in the south. Janata leaders have already wangling in the morning saying the responsibility for the defeat.

In serious danger is the Janata party president, Mr. Chandra Shekhar, who was responsible

for the choice of the party's candidates. Many of these, like Mr. Chandra Shekhar, are former Congressmen deliberately chosen by him in a bid to counter the influence of the other factions in the Janata, notably the Jana Sangh and the former Indian People's party.

Significantly, a former general secretary of the Janata party, Mr. Rajinder Puri, today issued a statement calling for the resignation of Mr. Chandra Shekhar. Rumblings in the party are clear and it seems likely that the Janata party will go through an upheaval in the next few days.

The Karnataka victory was very much evident this morning when Mrs. Gandhi appeared before a Delhi magistrate on charges of refusing to testify before the Shah Commission now inquiring into charges of abuse of power by her during her emergency rule. She was cheered loudly by large crowds waiting outside the court, although there were jeers from her opponents

also. Mrs. Gandhi herself looked far more cheerful than she has since her defeat in the general elections last March.

The magistrate agreed to her application for bail after there was no opposition to this from the prosecution. Mrs. Gandhi does not now have to appear again in court until the day of judgment. By that time, Indian politics may have changed entirely.

Mrs. Gandhi has called a meeting of her Congress parliamentary party on Saturday and it will then be known whether it will be the official opposition in the Lok Sabha (lower house of parliament).

The indications are that a large number of Congress MPs are now ready to shift their allegiance to her, and it is possible that the present leader of the opposition, Mr. V. B. Chavan, will lose his post. Mr. Chavan's stronghold is Maharashtra, and the results of the election there could dictate his future. These should be known by tomorrow.

NEW DELHI, Feb. 27.

Syria refuses Atherton visit

By Louis Fares

DAMASCUS, Feb. 27. SYRIA has rejected a request from Mr. Alfred Atherton, U.S. Assistant Under-Secretary of State, to visit Damascus during his present Middle East shuttle, because his present mission does not serve the cause of a just and lasting peace, according to the government daily newspaper Al Tishrin, this morning.

His present mission "does not concern us in any way," commented the political editor writing a few days after the visit of President Hafez al-Assad to Moscow, where the Syrian leader appears to have received "sublime political backing as well as a commitment to new weapons supplies."

Major-General Hikmat Shihab, Syrian Chief of Staff, left today with an important military delegation to the Soviet Union. It is his second visit to Moscow in less than two months.

The local Press commented on the good understanding shown by the Soviet Union during Mr. Assad's visit about the need for establishing a strategic balance between Syria and Israel "in all fields."

In another related development a high-level Soviet delegation is expected to arrive in Damascus this week to discuss further economic co-operation.

Reuter reports from Kuwait: Jordan might join direct peace talks between Egypt and Israel if the Jewish State publicly committed itself to withdrawing completely from occupied Arab lands and to recognising the national rights of the Palestinians.

Mr. Modar Raddan, Jordan's Premier, was quoted as saying today.

He said in an interview published in the daily newspaper Al-Rai al-Ahram that Jordan would not yield to pressure to take part in the stalled negotiations. But he said that the Kingdom might join the peace talks after consultations with other Arab parties, including the Palestinians, if its conditions were met.

Cairo limits Palestinians

BY ROGER MATTHEWS

CAIRO, Feb. 27.

EGYPT is to withdraw all the special privileges of the estimated 20,000 Palestinians living in the country. The decision was announced today by the Prime Minister, Mr. Mamedouh Salem, and follows mounting official and public anger at the suspected role of Palestinian elements in the murder of the newspaper Editor-in-Chief Youssef Sibal in Cyprus nine days ago and the subsequent debate at Larnaca airport in which 15 Egyptian commandos were shot dead.

Today's decision cast a further blur on the almost stalled efforts to get Israel and Egypt to agree on a declaration of Middle East peace principles that would allow for formal negotiations to resume. Senior officials stated today that Egypt has not hardened its negotiating position, contrary to Israeli reports, nor had it come under increasing pressure from other Arab countries.

The decision on the Palestinians means they are to be treated like other visitors from an Arab country. They will have to apply for residency permits, in exchange for a certain amount of foreign currency when entering the country, and are almost certain to lose their rights to be treated as Egyptians in matters of employment, pensions, housing and commercial activities.

Mr. Mamedouh Salem's statement to the People's Assembly came as a shock to some senior Egyptian officials who had privately predicted a review of relations with the Palestine Liberation Organisation but had emphasised that there was no real quarrel between the Palestinian and Egyptian peoples.

It also confirms the extent of President Sadat's anger over the killing of Mr. Sibal, a personal friend, and the loss of Egyptian troops. Mr. Yasser Arafat, PLO Chairman, accused Mr. Sadat last Friday of sowing hatred of the Palestinian people among ordinary Egyptians. This was the guerrilla leader's warning for the day when Egypt would shed any responsibility for the Palestinian cause, Mr. Mamedouh Salem emphasised.

used today that the status of the Palestinians in Egypt would be subject to review. According to some sources this was a clear warning that if there were any further attacks on Egyptian personalities more drastic action might be taken. Since 1966 Palestinians have enjoyed the same rights as Egyptian citizens but cannot take part in political activities such as voting or being nominated for Parliament.

However, Mr. Salem said that Egypt would never abandon the occupied territories who had supported President Sadat's peace moves. Egypt would also continue to back the rights of the Palestinians to their own State. It was an historic and a strategic position from which Egypt would never be deflected, said the Prime Minister.

Reuter adds from Nicosia, Cyprus, that the two Arabs accused of killing the Egyptian newspaper editor, Mr. Youssef Sibal, a close friend of President Anwar Sadat,

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BY BERNARD SIMON

JOHANNESBURG, Feb. 27.

FOR THE first time in many years, the number of emigrants from South Africa in 1977 exceeded the number of new settlers. This was disclosed today by the Department of Statistics, in the wake of publication of a Parliamentary Bill, which will compel immigrants under 25 to become South African citizens to retain their rights to permanent residence.

According to the Department, the net emigration loss last year was 1,178 compared to a net gain in 1976 of 40,208 and 30,588 respectively. In December alone, there were 2,149 emigrants but only 1,667 immigrants, against a net gain of 308 settlers in December 1976 and of 3,384 in the same month of 1975.

Immigrants last year totalled 24,822, about half the figure for 1976. The Department said that in the next three years, there will be a net loss of 10,000 people emigrating from South Africa but, taking into account those who left permanently without classifying themselves as emigrants, the actual drain was probably greater. The main destinations for emigrants were Britain, Australia, Israel, the U.S. and West Germany.

The reversal of the migration figures is viewed with concern by both Government and private sector. A high proportion of those leaving are thought to be skilled professionals.

Nonetheless, there has been strong reaction from opposition quarters against the South African Citizenship Amendment Bill, which provides that white immigrant men under the age of 25 must become South African citizens within two years of entering the country, or face loss of their permanent residence rights. When the Bill becomes law, it will not apply to immigrants already in South Africa.

One consequence of the Bill—and apparently its main aim—will be to make successful bidders for military service eligible for military service. Resentment has been growing in some quarters against young immigrants being exempted from military service. At the National Party's provincial congress last year, there were repeated calls for the compulsory enlistment of young immigrant men.

The Johannesburg Rand Daily Mail today labelled the Bill as a farce. It said the provision "makes a nonsense of what we have always thought was this Government's prime aim on immigration—to swell the ranks of white residents in this country and to shrink the racial imbalance."

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Nkomo queries U.S. role over Rhodesia

By Michael Holman

LUSAKA, Feb. 27.

MR. JOSHUA NKOMO, joint leader of the Patriotic Front (PF), today questioned the continued role of the U.S. Government in the Anglo-American efforts to resolve the Rhodesian problem.

Elaborating at a Press conference on criticism of the U.S. made in a joint Press statement issued by the PF in the Muzambique capital of Maputo last week, Mr. Nkomo said: "We are not very certain whether the U.S. should continue to take part. We were told that they were just Britain's advisers, but they seem to be making independent statements about our country and we object to that very strongly."

But Mr. Nkomo did not set down preconditions on continued U.S. participation. "We want to hear what the Americans have to say about this."

One consequence of the Bill—and apparently its main aim—will be to make successful bidders for military service eligible for military service. Resentment has been growing in some quarters against young immigrants being exempted from military service. At the National Party's provincial congress last year, there were repeated calls for the compulsory enlistment of young immigrant men.

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ALIAN OFFSHORE EXPLORATION

Oil search on the fringe

BY DON LIPSCOMBE IN PERTH

Surveying began this morning on the Exmouth Plateau, a high shelf of the continental shelf off the west coast of Australia. The search is for oil and gas.

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AMERICAN NEWS

Unions pull funds out of bank over Stevens

By John Wyles

NEW YORK, Feb. 27.

SOME U.S. trade unions have withdrawn their funds from Manufacturers Hanover Trust Company, a major New York bank, in a bid to force the removal of two directors of J. P. Stevens from the Board of the bank's parent company.

This is a new tactic in the U.S. union movement's campaign to organize Stevens, the second largest textile producer in the U.S. and the symbol of resistance by southern employers to unionisation.

Although U.S. unions have used their person fund investments in the past to penalise companies with investments in South Africa, the current move is believed to be the first time that ordinary funds have been used as a weapon in a domestic issue.

The move to unseat the two directors—Mr. James Finlay, the Stevens chairman, and Mr. David Mitchell, a director of the textile company—began last March at the bank's annual meeting. It was led by the Amalgamated Clothing and Textile Workers Union, which is in the vanguard of the fight against Stevens. However, the union initiative failed to muster sufficient support.

Since then, the Beltmakers and Allied Workers Union has closed its trust account at Manufacturers Hanover, which handled \$6.6m. of investments for the union's health and welfare funds.

This initiative was followed last month by the defection from the bank of a branch of the Auto Workers Union which closed its \$500,000 current account. Of greatest significance, however, is the fact that the International Association of Machinists, led by the Left-wing Mr. William Wintersinger, will decide in April whether to place the management of its \$180m. funds in the hands of another bank.

At the same time, other unions are advocating a general boycott of the bank, which claims in its defence that it is being drawn into a dispute "to which it is not a party and which it cannot resolve."

Succession of rail accidents causes concern

By Stewart Fleming

NEW YORK, Feb. 27.

A SUCCESSION of railway accidents, in which 17 people have died and more than 100 injured, is causing concern about the safety of sections of rail track in the U.S. and the freight rolling stock using it.

On Sunday, about 47 freight cars and five locomotives in a 140-car freight train were derailed near Youngstown, Florida, spewing a cloud of deadly chlorine gas over surrounding roads and swamped vehicles on a nearby road. The train crashed as the chlorine enveloped them and cut off the supply of oxygen to their engines. Local authorities said that eight people died and 67 were taken to hospital as a result of breathing chlorine.

On Friday, near Waverly, Tennessee, nine people died when a tank car containing propane gas exploded as attempts were being made to unload its cargo following the derailment of a freight train. The explosion occurred as spectators were watching the exercise.

MASS TRANSPORTATION

Costly ticket to ride

BY NANCY DUNNE IN WASHINGTON

WHEN PRESIDENT CARTER sent his energy programme to Congress last year, the very complex, far-reaching proposals seemed to contain one glaring omission: no provision was made for large-scale development of public transport systems.

Beginning in the early 1960s, Congress had authorised billions of dollars for urban mass transit, and it was then conventional theory—supported by Democrat and Republican presidents alike—that large underground systems and vastly expanded bus services held the key to controlling the problems of pollution, energy and urban congestion.

But President Carter's omission was no accident. Ever budget conscious and aware of the vast cost overruns in the building of the San Francisco and Washington D.C. Undergrounds, the President eyed large-scale rail projects with disfavour. Many systems were "grossly overdesigned," he said, and subway tunnels were "anathema."

Last September, Mr. Richard Page, responsible to the President for urban mass transit administration, predicted, "we have probably seen the last of the big regional subway projects."

New rail programmes planned in Atlanta, Baltimore, Buffalo and Miami apparently will not be abandoned but might be curtailed. A close study of all possibilities would be required for continued federal assistance.

It was thus no real surprise that the new administration's highway and mass transit proposals sent to Congress early this month offered little more money for mass transit. It was a typical Carter programme—short on new cash outlays and long on emphasising savings by consolidation.

In the past, supporters of mass transportation systems have

Senate will delay decision on Miller for thorough inquiry

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Feb. 27.

EARLY Senate action on the nomination of Mr. G. William Miller to be the next chairman of the Federal Reserve Board appeared less likely to-day when the chairman of the key Congressional committee said that there would be no vote until all questions relating to Textron's alleged payments to Iranian officials had been answered.

Mr. Miller is due to testify tomorrow for the second time on whether or not he, as the chief executive of Textron, was aware of payments made to an Iranian agent of Textron's Bell Helicopter subsidiary.

The agency concerned was reported to have been secretly controlled by the former head of the Iranian Air Force.

This morning, Senator William Proxmire, chairman of the Banking Committee, opened a session, at which past and present Textron and Bell officials were to be cross-examined, by reading a statement which said that there would be no committee vote on the nomination until it could be ascertained with certainty that Mr. Miller was unaware of who, in fact, was receiving the \$2.9m. payment.

"If nervous Nellies and weak sisters are frightened by this kind of thorough investigation," Mr. Proxmire said, "so be it. The Government is better off without them." Textron's payment, which the company acknowledged, constituted "a bribe," he added.

Some Senators on the committee criticised Mr. Proxmire

for engaging in "a fishing expedition." On the other hand, there is a prevailing Congressional sentiment that the confirmation process must be thorough on this occasion and that the sort of perfunctory deliberation given a year ago to the appointment of Mr. Bert Lance, President Carter's erstwhile Budget Director, must be avoided at all costs.

Dr. Arthur Burns, the outgoing Fed chairman, has been privately warning that delay over confirmation in office of Mr. Miller can only harm U.S. prestige abroad, and possibly help bring down the value of the dollar.

But the decline in the dollar is not a subject which has impressed itself heavily on Congressional opinion so far and certainly not when matched against probes into personal, private or corporate malfeasance.

In his testimony last month, Mr. Miller was adamant that he did not know that Air Taxi, the Iranian agency, was secretly controlled by Gen. Mohammed Khatami, former head of the Iranian air force and a confidant of the Shah.

However, a former Iranian agent of Bell has testified that this information was known in Textron's headquarters. In addition, the New York Times reported to-day that the Senate Banking Committee staff, which has been investigating the payments, has unearthed an internal Textron memorandum that appears to contradict earlier statements by Textron officials, who expressed ignorance of the Khatami connection.

At the same time, it appears that the parallel investigation into Textron's overseas payments, being conducted by the Securities and Exchange Commission (SEC) is widening in scope and likely to take more time. There have been reports that Textron's auditors believe that at least four of the company's divisions may have made questionable overseas payments and the SEC has expressed concern that the company did not conduct the kind of internal audit which might have identified such procedures.

The SEC probe could well take another six months to complete, and it was in part acknowledgement of this that the New York Times yesterday, in a surprising editorial, urged Mr. Miller to withdraw his nomination. For his part, Mr. Miller has repeatedly claimed that his conscience is clear.

Colombia poll abstention

BY SARITA KENDALL

BOGOTA, Feb. 27.

PARTIAL results give the Colombian Liberal Party a substantial majority in the congressional elections held yesterday—more than 55 per cent. of all votes having been counted. But abstention was high at more than 70 per cent. of registered voters.

Mr. Julio Cesar Turbay Ayala, who appears to have taken the Liberal party presidential nomination comfortably, with a two-to-one victory over his rival, a former President, Sr. Carlos Lleras Restrepo.

The main challenge in the June presidential election will come from the Conservative Party candidate, Sr. Belisario Betancur. But the Liberals are traditionally the stronger electoral force and Sr. Turbay is an able tactician. Sr. Alberto Santofimio Botero,

president of the House of Representatives and a leading Turbay supporter, had a personal triumph in Tumia department, being elected Senator with a big majority. He is currently in jail on multiple charges of fraud and forgery.

Despite bombings of several political party headquarters and some arrests on charges of vote-buying, heavily-armed military bands played and chanting supporters tried to whip up enthusiasm in the streets of Bogota.

Although Left-wing groups were among the most ardent campaigners, they have captured much less than 10 per cent. of the vote from the well-financed machinery of the traditional

Consumer prices rise steeply on new index

By Jurek Martin

WASHINGTON, Feb. 27.

THE Carter Administration to-day received an unpleasant reminder of the inflationary pressures in the economy with an announcement that consumer prices rose in January at twice the rate of the preceding few months.

The newly revised Consumer Price Index For All Urban Consumers went up by a seasonally adjusted 0.8 per cent. in January, with about two-thirds of the rise accounted for by higher food and housing costs.

At the same time, the combination of inflation, higher social security taxes, and reduced economic activity brought about by bad weather and the coal strike produced the biggest monthly drop in the real buying power of the American worker (3 per cent.) since these statistics were first compiled 14 years ago.

Administration officials remain confident that the impact of the bad winter on the economy will not be lasting and that the recent sharp declines in both retail sales and industrial production will soon be reversed. Nevertheless, the most recent figures do demonstrate the urgency of ending the coal strike as soon as possible before deeper damage is inflicted on the economy.

Bad weather, which interfered with shipments, contributed to the 1.2 per cent. increase last month in the food price component of the cost of living index. Meat, poultry, eggs, fresh fruit and vegetables all rose sharply in price.

The overall cost of housing rose by 0.8 per cent. in January, but with homeowners, as opposed to rent-payers bearing more of the burden because of increases in house prices and mortgage rates.

Other service sectors also showed appreciable rises, with the cost of medical care leading the way. The clothing sector was one of the few recording relatively modest price increases.

If the January price rises were reflected throughout the year, the annual price increase would come close to 10 per cent.—considerably above the underlying 6 per cent. rate of inflation which the Administration believes is running through the economy.

The January returns also mean that over the last 12 months the retail cost of living has gone up by an unadjusted 6.7 per cent.

The new index is reckoned to be a more accurate gauge of consumer spending than the old Consumer Price Index. The survey has been extended to cover all urban consumers as opposed to the original sample which was limited to urban wage earners and clerical workers.

The Administration may argue that today's statistics, particularly those on real spending power, demonstrate the need for the \$24.5bn. tax cuts proposed last month by President Carter. But it is also clear that they will cause public and political attention to focus critically on current anti-inflation policies—or rather the lack of them.

WORLD TRADE NEWS
MITI may monitor exports of Japanese cars to U.K.

BY CHARLES SMITH

TOKYO, Feb. 27.

THE MINISTRY of International Trade and Industry, according to local Press reports, intends to order Japanese motor manufacturers to provide it with monthly figures of their car exports to Britain. It also plans to "warn" any companies which allow their exports to grow too rapidly.

Both moves are said to be intended as a response to the demands from the British Government that Japan should place more effective restraint on its motor exports to the U.K.

The demands were personally transmitted to the Minister of International Trade and Industry, Mr. Toshio Komoto, by the British ambassador, Sir Michael Wilford, about ten days ago.

A spokesman for the European section of MITI's International Trade Policy Bureau, which is directly concerned with U.K. trade relations, told the Financial Times that he could not comment on Press reports about MITI's export curbing plans. He admitted, however, that the Ministry was "greatly concerned"

about the issue of car exports to Britain.

"We are making some effort in this field although so far we have no concrete idea," the spokesman added.

In a public comment on the car issue, Japan's Minister for External Relations, Mr. Nobuhiko Ushiba said to-day that Japanese car makers were ready to accept moderate British demands for restraint "as much as possible" if there is an agreement, our industry will be able to carry it out."

A joint communique issued after industry-to-industry talks in February included expressions of intent by the Japanese side not to cause trouble for the British motor industry by excessive exports but this was regarded as an insufficient guarantee by (among others) the U.K. Department of Trade.

Further generalised "forms of words" on the car export issue were issued by the Ministry of International Trade and Industry after the industry-level talks were also apparently rejected by the DOT as insufficiently concrete.

As a result, the British ambassador was instructed to make direct representations to the Japanese Government.

The U.K. did not apparently take the car issue to the EEC because the whole problem was too urgent for there to be time to go through the normal EEC channels.

Japan's basic thinking on the car export issue seems to be that it is impossible to place direct restraints on the levels of registrations of Japanese cars in the U.K. (as was demanded by the Society of Motor Manufacturers and Traders in the Tokyo talks).

What can, at least in theory, be controlled is the rate of shipment from Japan to the U.K. Efforts at restraint failed last year partly because of competition among individual motor manufacturers in Japan and partly because of the strength of demand for Japanese cars in Britain.

It seems that MITI was now studying ways of throwing its weight behind restraints on shipments.

New offers to EEC predicted

BY OUR FAR EAST EDITOR

TOKYO, Feb. 27.

JAPAN "hopes to make some new offers" to the EEC during the bilateral negotiations which will reach their climax in mid-March, the Japanese Minister of External Relations, Mr. Nobuhiko Ushiba, told foreign journalists to-day.

The concession, however, will not be particularly dramatic since most of what Japan has to give to its trading partners in the way of global import concessions was either included in the earlier U.S.-Japan joint communique issued in January or will form part of the outcome of the Geneva MTN negotiations.

As an example of what might come out of the Japan-EEC talks, Mr. Ushiba instanced simplifications in the inspection pro-

cedures for imported pharmaceuticals. He also said that the Government would "look favourably" on the purchase of European aircraft by Japanese airlines.

Mr. Ushiba said he felt there were misconceptions in Europe about the significance of Japan's earlier round of trade talks with the U.S. The agreement reached after the U.S. talks was not a "bilateral agreement detrimental to European interests" but included new measures of global application from which Europe should benefit as fully as the U.S.

The Minister also warned that "over-dramatisation" would not solve the problem of the European-Japan trade imbalance. "We hope Europe will show greater

initiative and entrepreneurship in selling to Japan."

In the meantime, Mr. Ushiba noted, Europe's imports from Japan constitute only 2.2 per cent. of its total imports.

He said he understood that the EEC Commission had been given a mandate to conduct the current round of trade negotiations with Japan by the Council of Ministers. But Japan had not been officially told what kind of mandate had been given—"we only have a general idea."

Ushiba said he was looking forward to taking contacts with the EEC a stage further during the visit—which officially starts to-morrow—of the Danish Foreign Minister, Mr. Borge Andresen, in his capacity as President of the EEC Council of Ministers.

West German companies optimistic

By Lorne Saling

WEST GERMAN companies are increasingly optimistic about their sales prospects in Britain according to a survey by the German Chamber of Industry and Commerce in the U.K.

Nearly seven companies out of 10 in the survey said their level of orders was higher than before or was increasing. That compared with about half during the last annual survey.

Almost 74 per cent. of companies were confident that they would be competitive in future compared with only 59 per cent. a year earlier.

The most important reason given for improved business was the expansion of distribution networks or new investment such as the setting up of new subsidiaries.

Although 30 per cent. of respondents believed that improved economic conditions and more stable currencies had helped, 32 per cent. who reported unsatisfactory sales blamed slight exchange rate fluctuations as their main reason for bad business.

Hungary aids Jamaica

The Hungarian Government is to assist Jamaica in building a \$500m. alumina refinery. Canute James writes from Kingston. It will have a capacity of 600,000 tonnes a year, use Jamaican bauxite and supply alumina to Mexican and Venezuelan aluminium smelters.

Price minima fixed for chipboard purchases

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SPANISH AND Swedish chipboard manufacturers have given separate undertakings to the European Commission that they will observe minimum price levels, after allegations against them of dumping in EEC markets.

Last year Britain, Denmark, the Irish Republic and West Germany asked the Commission to investigate Swedish prices but a voluntary settlement was reached before the investigation got under way. A ceiling was agreed on shipments during February and new minimum prices, believed to be more than 280 a cubic metre in the U.K., will operate on all imports from to-morrow.

For Spain, where Britain brought the complaint alone, an agreement on similar lines was reached in Brussels last week. The British chipboard industry

has been squeezed between cheap imports and a falling domestic market. An important producer went into liquidation last year and several more were under financial strain.

The industry sees the new agreements as a significant advance, particularly as they were reached amicably. With the European Commission continuing to monitor prices, the U.K. market may remain stable.

In the weeks of the Swedish and Spanish decisions, three big French producers and one large Belgian supplier of chipboard have also withdrawn their price lists and are considering new U.K. prices. The European chipboard manufacturers' association, FESPA, is likely to use the Spanish agreement as a basis for tackling low-price imports from Comcon countries, particularly Poland and Romania.

Dar es Salaam delays

BY MICHAEL HOLMAN

LUSAKA, Feb. 27.

IN SPITE of inter-Governmental efforts the backlog of Zambian cargo at the Tanzanian port of Dar es Salaam remains at a "critical" level, according to a Zambian freight agents Leopold Walford. Figures issued by the company show that on February 25 90,000 tonnes were held at Dar, including 18,200 tonnes on ships working in the port.

The backlog has steadily increased over the past four

months. Senior Zambian officials visited the port last month in an effort to ease congestion.

In mid-January the Tanzanian Government announced substantial increases in storage charges with effect from mid-year in the effort to encourage Zambian exporters to move their cargo more quickly. This appears to have made little impression.

The hold-up has seriously affected copper shipments.

EEC BARRIERS

Australia gets tough on trade

BY CHRISTOPHER PARKES

THE CAMPAIGN to open up European Community markets to Australian exports has taken on a more abrasive tone, in striking contrast to the early diffident approaches of Mr. John Howard, the first Australian Minister responsible for trade with the EEC, the new man, Mr. Victor Garland, has a self-confidence usually detected only in negotiators from across the Atlantic.

In London last week on his first trip to Europe since his appointment last year, Mr. Garland was quick to make additions to the list of charges already drawn up against the nine EEC member governments and their agents in the Brussels Commission.

The latest of these concerned the Community's plan to start subsidising trade in steam coal inside the EEC to prevent third country suppliers from undermining prices. Australia is a major world trader in steam coal, and it is justifiably fearful that if the EEC effectively closes its frontiers to imports then the rest of the world's trade is bound to suffer.

European measures to support and protect the steel industry have also raised blood pressures in Canberra.

But the main aim of Mr. Garland's trip to the EEC was to meet informally the people he will be facing during full negotiating sessions in April. Last

October his predecessor gave Brussels a list of 25 complaints (they call them "representations" in Australia House) about the EEC's activities in world markets and in bilateral dealings with Australia. The Commission agreed to study them and then talk this spring.

Then, the biggest shot in Australia's locker was the threat that the Common Market made way for Australian agricultural exports (beef in particular) Australia, yellowed by uranium exports to the EEC might not be possible.

Since then, however, the scope of Canberra's case has widened, EEC spent vast sums stimulating its largely inefficient agricultural industry, building mountains of surplus and then to useful forum for preliminary talks, Australia is now convinced that real progress will be made Australia has been cultivating only in the Multilateral Trade Negotiations.

Mr. Garland pointed out that the EEC runs a growing current account deficit with Australia; at present it is £1bn. a year, and \$550m. of that is down to the U.K.

While everyone knew that Britain's entry into the EEC would change traditional trade patterns, no one expected such violent upheavals as have been seen in the past five years, he said. Australia once sold 1m. tonnes of wheat a year in the EEC, now it sells none.

Sugar exports to Britain have fallen from 400,000 tonnes a year pre-EEC to zero. A 60,000-tonne-a-year market for butter has disappeared. Australian cheese is now unknown in Britain, and annual sales of 100,000 tonnes of beef have shrunk down to 8,000 tonnes.

"We are among the world's cheapest exporters of agricultural products yet we just can't get access," Mr. Garland said in London last week. "Our steel exports (beef in particular) are under threat and now we hear of these subsidies on steam coal."

But Australia's problems did not stop there, he added. The EEC's "largely inefficient" agricultural industry, building mountains of surplus and then to useful forum for preliminary talks, Australia is now convinced that real progress will be made Australia has been cultivating only in the Multilateral Trade Negotiations.

The complaint is familiar. But the Australian response is unusual when compared with countries in a similar situation, such as New Zealand.

The New Zealanders, who probably have a more urgent need for a more serious complaint, maintain a profile so low as to be all but invisible. But Mr. Garland now has staff working on his behalf in all nine capitals.

In Washington, before flying to Europe, Mr. Garland won U.S. support for his campaign to persuade the EEC either to sign

Slowdown in M. East for U.S. builders

NICKSON

CONSTRUCTION activity in the Middle East was slow during the first half of 1976, according to industry sources.

More than half the work by the U.S. construction companies in the area is for U.S.-owned companies. Also in the area are South Korean, Philippine, Pakistani, Japanese companies and local ones.

U.S. companies have been hampered by Washington's ban on tax incentives and national allowances for U.S. workers and by U.S. opposition to the Arab boycott of Israel.

Stanford Research, which says U.S. companies lost about 15 per cent. of the construction work in the area, says that once the Arab boycott is lifted, the U.S. market will be open.

AP-DJ.

Dutch win EEC pipeline project

By Charles Dickinson

ADRIAAN VOZKEER, head of the Nederlandse Aardolie Maatschappij, has won a contract worth Fl.10,000,000 (\$2,200m.) for the construction of a 36-inch Emden gas pipeline. A ship will cover the pipeline, depth of between 60 and 100 metres, with a mixture of sand and gravel.

Ballast-Nedam, International and Overseas Construction, jointly received a Fl.250,000,000 (\$55m.) order to build a factory at Mbeia in Tanzania, completion within 26 months. Amsterdam-Rotterdam Bank provide financing.

Nigeria buys U.K. oil. PD Pollution Control and Geesink, both subsidiaries of Powell Duffryn Group, are to supply an oil disposal plant and technical package to the Lagos State Government in Nigeria. PD Pollution Control, acting as a consultant will help to create organic and infrastructure and PD sink will provide collection vehicles and equipment.

UNESCO.

Vietnam imports steel. Japan will export 300,000 tonnes of steel to Vietnam over a three-year period, starting next April, AP-DJ reports.

Tokyo. The contractors Nippon Steel, Nippon Kasei, Kawasaki Steel, Sumitomo Steel Industries, Toyo Kohan and Steel. Payment will be by delivery.

Sino-Indian talks on A-15 member. Chinese delegation, led by India, visited New Delhi for a four-day session on increasing trade. K. K. Sharma writes.

New Delhi. China is later in buying iron ore, pig iron, steel, rubber and man-made items such as steel tubes, steel products, mining equipment, earth-moving equipment, oil drilling rigs, tractors, tools and dies and dyo intermediates. Goods offered for export to India include ferrous metals, tin, silk, newspaper, basic chemicals, some pharmaceuticals. China willing to trade with some countries.

\$500,000 pump project. The complete pumping installation for a big dry dock South Korea is to be built by Well Pumps in Glasgow, Alaska for more than \$500,000. The order for the pump building and engine building has been placed by Herbert Morris & Co. of Los Angeles, which has won a contract as a major construction complex.

HOME NEWS

New Zealand sued
for £1.5m. levy
on imported butter

DAVID CHURCHILL

MINISTRATIVE error by the New Zealand Customs and Excise has led to action to recover £1.5m. underpaid in butter levy by the New Zealand Customs Board in 1975. The levy is based on the value of the butter imported. The Customs Board has taken out a writ in the High Court, asking the Dairy Board for the extra £1.5m.

China clay production
down by 5,000 tonnes

FINANCIAL TIMES REPORTER

CLAY production in the quarter ending in January fell by 5,000 tonnes to 665,000 compared with the same last year. Last year's production figures for china clay, which goes into paper, ceramics, rubber and paint, showed a 12 per cent rise to 2.5m. tonnes. Barclays Bank, based at St. Austell, Cornwall, accounts for about 80 per cent of U.K. production.

Barclays rejects
idea for 'corset'

MICHAEL BLANDEN

IS no immediate need to have to be limited to some extent measures to be money supply, either the re-imposition of the corset controls on banks or a rise in short-term rates, says Barclays Bank's economist. The bank's economists see a "however, that the as could be pushed into ited action by the which the big clearing ve been making to pro- selves against a self-restriction of the latest issue of the U.K. financial survey at there should not be ie problems for the ent in keeping within / supply targets for the year. he increase in sterling month to mid-January, lies that to hold the within the top end of the cent official target the is can allow a further ly about 2 per cent, in months to mid-April, ig for rises in bank to the private sector, estimates that the sector contribution to credit expansion would

Change in balance-sheet
rules recommended

CHRISTINE MOIR

IES should include in initial statements events occur after the balance sheet while accounts are prepared if those events alter the conditions of liabilities at that date. Similar events have which do not affect the at the balance sheet do represent abnormal to assets or liabilities at date, then companies not revise their accounts and disclose details in o the accounts, the ng Standards Committee mds. ret sort of event would payment of an insurance uch was being negotiated balance sheet date. The might be loss of stock of flooding, which after the balance sheet latest exposure draft.

Land for private house
building critically short

MICHAEL CASSELL, BUILDING CORRESPONDENT

or private house building plots from other builders or from failed contractors — but they doubt whether the situation can be repeated over the next two years. The consequences of the land shortage will be rising prices for development sites and a slow-down in the already low level of private housing output. The supply of new houses for sale will fall rapidly in the second half of 1979 and 1980 and selling prices "will inevitably increase at a faster rate than at present." Unemployment will increase in the construction sector. The group added: "it is difficult to reconcile our own experience and the fact that land prices are rising rapidly with the Department of the Environment view that the position is not so serious and that adequate land is being made available."

Courtaulds man to join
Enterprise Board

A DIRECTOR of Courtaulds with experience in chemical engineering and general industrial management is to be deputy chairman of the National Enterprise Board. He is Mr. Richard Morris, 52, seconded by Courtaulds for four years.

His appointment was announced yesterday by Mr. Eric Varley, Secretary for Industry. He fills the post vacated by Sir Leslie Murphy, who became chairman of the NEB last August in succession to Lord Ryder.

Mr. Morris's salary will be £37,500 a year. The main purpose of his secondment is to protect his pension rights with Courtaulds, where he has worked for 27 years since gaining a chemical engineering degree at Birmingham University.

But the secondment arrangement also means that a fairly small difference between Mr. Morris's existing salary and that at the NEB is to be made up by Courtaulds.

The four-year period will take him beyond the retirement age of Sir Leslie Murphy, 63, and Mr. Morris could therefore succeed to the chairmanship.

His background in the troubled textile industry has given Mr. Morris special experience of the usefulness of Government intervention in industry.

He said yesterday: "There are too many sectors of industry

which need some sort of assistance either through the injection of cash or the rearrangement of their business.

"If we don't do something about this then one by one different sectors of industry will collapse and atrophy away."

"There are plenty of examples of under-investment, of problems in overseas markets, and of a lack of sufficient organisation to cope in these areas. Friendly help is needed from an organisation with a low key and business-like commercial approach."

These views of the function of the NEB are very similar to those of Sir Leslie, who recommended Mr. Morris to Mr. Varley from a short list of five. Initially Mr. Morris, who joined the NEB on April 10, was found by a company employed by the Department of Industry.

His basic industrial experience will complement Sir Leslie's banking background. He will have overall co-ordinating responsibility for the companies owned by the NEB, apart from British Leyland and Rolls-Royce. He will be chairman of the NEB's two regional boards in Newcastle and Liverpool, and be responsible for co-ordinating the Board's acquisitions, especially among smaller and medium-sized companies.

Mr. Morris is a part-time director of British Nuclear Fuels, a member of the Advisory Council on Energy Conservation and is this year's president of



MR. RICHARD MORRIS

the Institution of Chemical Engineers.

In the 1950s, he held works management and then senior executive appointments in Courtaulds companies such as British Celanese, National Plastics and, later, British Lego.

He joined the main Courtaulds Board in 1966, but for most of his career has had more to do with the group's technical work than its mainstream textiles business.

Under his direction there have been various technical breakthroughs, including most recently development of Courtaulds' absorbent cellulose fibre, Vilofil.

Imperial
cuts jobs
as market
falls

By Stuart Alexander

MORE JOBS will be lost this year at Imperial Tobacco's two manufacturing divisions, W.D. & H.O. Wills and John Player. Wills has factories at Bristol, Swindon, Newcastle-upon-Tyne and Glasgow; John Player is based at Nottingham.

The moves come at a time of difficulties for Imperial in a falling cigarette market. In the 12 months to October, tobacco accounted for less than half of Imperial Group profits for the first time in the company's history.

Imperial said last night that the companies would continue to balance the labour force with production needs and this would be achieved through a policy of natural wastage and no recruitment. It could not give an indication of the extent of the cuts.

At John Player, working parties have been set up with employees representatives to arrange a limited number of voluntary redundancies or early retirements, and the gift voucher departments at both Wills and Player have been run down as the demand for coupons has died.

Most of the reduction will be among production workers.

Tea price-controls
to be implemented
at wholesale level

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

TEA BLENDERS will have to cut prices by 5p a quarter under Government plans published yesterday.

The controls, spelt out in a consultative document, are to be imposed at the wholesale level and the maximum permitted selling price will be related to the price being charged last week.

The plan follows the Government's failure to persuade the four major companies—Brooke Bond Oxo, Lyons Tetley, Typhoo Tea and the Co-operative Wholesale Society—to reduce their prices voluntarily as recommended in the Price Commission's report published last week.

The powers are being taken under the 1974 Prices Act which until now has only been used to set maximum prices on food receiving a Government subsidy.

The tea companies were still hoping yesterday that their lawyers would be able to establish that the Prices Secretary has no legal basis for using the Act in this way, though the Department of Prices has apparently advised that this is a perfectly proper use of the legislation.

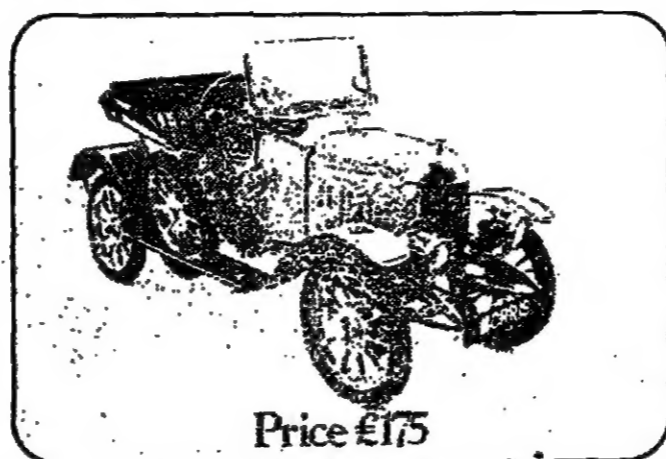
The retail price will not be shewn on signs yesterday of controlled by the order, though the trade has already promised the demand for coupons has died. Shops must be given at least

Under the proposals circulated yesterday, the tea blenders would not be able to sell blended teas at prices exceeding those charged on February 22. The maximum price would be related to whatever price any particular trade customer was paying last week.

The retail price will not be controlled by the order, but the trade has already promised to pass on any reductions in full. Yesterday, they warned, however, that the shops must be given at least a month to clear stocks of tea bought at the higher price before being asked to make any reductions.

The Government evidently hopes to implement the controls as soon as possible—perhaps before the end of March. The tea companies are to see officials from the Department of Prices again on Thursday and interested parties have been given until next Tuesday to make representations. An order, subject only to negative resolution, will then be laid.

Though the tea companies have not signs yesterday of giving into the Government, the Department is still hopeful that to pass on any reductions in full, they will eventually co-operate voluntarily.



Price £175

Every week
until March 31st,
a 1978 Morris
can be had for the same price.

This is the Centennial year of the birth of William Morris. More than anyone else, he created the British car industry. And he did it by offering outstanding value for money.

Things haven't changed: the Morris name still stands for unbeatable value. We think that's worth celebrating...

The Morris Centennial Celebration.

If you place a firm order for a new Morris Marina before the end of March 1978, you can enter our Centennial Competition. We're giving away a prize a week during the two-month period from the beginning of February to the end of March: the prize is your new Marina at the 1913 Bullnose price of just £175, a saving of over £2000.

Today's Marina value.

The choice of prize is no accident. In 1913, the first Morris production car at £175 represented the best motoring value you could get. Convert that £175 into today's prices and you end up with a figure of £3022.* Yet the 1978 Marina range starts at well below £3000.

Not only that, but in 1978 Morris are building cars that are unmistakably a result of William Morris's philosophy: cars with uncomplicated, reliable engineering, classic and unfussy styling, useful space, low fuel consumption and high specification.

To that we now add Supercover protection, and the back-up service of over 2000 Morris outlets.

Win a vintage Morris or £3022 cash.

Even though you may not be buying a new Marina, you can still enter the Morris Centennial Competition simply by visiting your Morris showroom and collecting your Entry Form. Until March 31st, you could win a real vintage Morris or the current equivalent of the 1913 Bullnose price, £3022 in cash.

Your Local Celebration.

Apart from the two Centennial Celebrations, you'll find lots going on at Morris showrooms throughout the country. Visit yours soon.

You'll find that, more than ever in Morris Centennial Year, Morris means value for money.



Morris Marina. We haven't lost our sense of values.

*Mid-September 1977 equivalent of £175, based on a series of inflation-adjusted retail price indices. Morris prices from £2337.73 including car tax, VAT and delivery. Delivery and number plate extra.

HOME

Britain 'should keep up her imports of oil'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

BRITAIN SHOULD import oil from the Middle East even when the North Sea crude being exported there is not being consumed in the country, the Scottish Council for Development and Industry, says in a review of the oil and gas industries, published yesterday.

The heavy or "black" products — gas oil, diesel and fuel oils — account for 60 per cent of U.K. consumption, whereas North Sea crudes were mostly light in character, giving a higher percentage of refined products such as gasoline, white spirits, naphtha and kerosene.

To match U.K. demand and benefit fully from processing North Sea oil, Britain should continue to import about 55 per cent of the heavier Middle Eastern products.

Surplus production from the North Sea should be exported mainly as crude. "By the mid-1980s, this could mean about 60m. ton a year of Middle East and other crudes being imported and between 100m. and 130m. tons a year of North Sea crude being exported. The net improvement in balance of payments might therefore be of the order of £40m. to £55m. per annum," the council says.

In spite of the high production costs of North Sea oil, its low sulphur content would mean a continuing demand for it, particularly from countries with air pollution legislation, such as the United States, France, Germany and the Low Countries.

Britain could also benefit from the export of surplus gas, particularly if a gas gathering pipeline system is constructed.

But the involvement of foreign companies in the oil industry is bound to reduce the overall benefit to the U.K. balance of payments. By the mid- to late-1980s, the total net effect could be between £5.7m. and £8m. a year.

C.K. Oil and Gas Situation Review, Scottish Council for Development and Industry, 1, Castle Street, Edinburgh, E175.

These comments follow a recent warning from Lord Kearn, chairman of British National Oil Corporation, who told a Commons Select Committee that unless a dramatic rise in oil prices occurred, the North Sea bonanza could be over.

Within the oil industry, it is felt that crude oil prices might remain stable.

The U.K. sector of the North Sea could account for about 34 per cent of Western European drilling activity this year, Mr. Scott said.

Of the 230 wells likely to be drilled on the U.K. continental shelf, most would be commercial, higher costs will make them non-paying ventures.

Oil companies are being squeezed between rising development costs and a drop in real terms in oil prices, Mr. Bob Scott, editor of World Oil, told a meeting in London.

"If oil prices remain stable into the 1980s, and similarly assuming that development costs continue to escalate, operators will have to bypass ever-larger fields, because even though they may contain reserves which last year would have been considered commercial, higher costs will make them non-paying ventures."

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Takeover Panel methods 'to stay'

By Margaret Reid

LORD SHAWCROSS denied yesterday that the City Takeover Panel, which he is chairman, was to change its procedure for considering certain complex cases where large share blocks in a company were being acquired.

There has been some suggestion that the full panel, as distinct from its full-time executive, might in future be brought into the decision-making process at an earlier stage where difficult cases under Rule 34 of the Takeover Code were in question.

Rule 34 broadly requires that a party, or parties, acting together, acquiring a stake of 30 per cent or more in a company's voting capital must make a general bid to all shareholders.

Lord Shawcross spoke against the background of rulings that no full-scale bid need be made in the complex affair of Wilkinson Match, or of Regional Properties, where a deal with Friends Provident Life Office was announced last night.

Referring to rumours that that panel was considering changing its rules, he said that "While the implications of Rule 34 are kept under constant review, both by the panel and the executive, such cases as dealt with on its own particular facts as they appear when presented to the executive."

In the case of Regional Properties, where Friends Provident is taking a 30 per cent stake and 17 regional shareholders were also subscribing for £5m. of convertible debenture stock, which if converted later would raise its share stake, the panel has approved the deal.

In the Wilkinson Match case, two deals were at first in question, the combined effect of which would have been to give the U.S. group Allegheny Ludlum Industries 51 per cent of Wilkinson, without a general bid being made.

The plan was changed so that Allegheny would end up with only 44 per cent, of Wilkinson.

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FT CONFERENCE ON WORLD BANKING 1978

Time to replace floating rate

BY DAVID FREUD

THE INTERNATIONAL floating exchange-rate system has fulfilled none of the hopes originally claimed for it. Mr. Harold Lever, Chancellor of the Duchy of Lancaster, said yesterday.

On the first morning of the two-day Financial Times conference on world banking in 1978, Mr. Lever said that another few years of unemployment and currency instability would lead to serious threats to the financial and political co-operation of the western world.

Instead of floating rates, the West must develop a system to enhance international monetary and economic co-operation.

The world's economic health was plagued by the proportion of total world production represented by national imbalances.

A policy of deflation was the worst way for countries to get out of deficit. Deflating demand would lead to long-term harm on their own economies, and injured world trade.

"The level of international co-operation which backed the development of interdependence in the first 20 years of the post-war period has diminished and it has to be restored."

"The alternative is that we will lapse into protectionism, that restrictions on trade will grow, and the ability to use the skills and drive of the non-Communist world will no longer be maximised," Mr. Lever said.

"The national imbalances plaguing us, in spite of what seem the astronomical sums involved, are only a tiny percentage of the huge volume of annual wealth-creation in the world."

Small as this proportion was, our failure to respond adequately threatened the world's entire financial and economic achievement.

"Presumably, self-serving unilateralism offers us only a miserable prospect of mounting mutual injury and bad feeling."

In his opening address as chairman, Dr. Irving S. Friedman, senior vice-president of Citibank, New York, said that, despite elasticity, present governments had been obliged to borrow in the international money and capital markets at record rates. Floating exchange

rates had provided only partial assistance in adjustment.

Despite a degree of shock absorption in present exchange-rate arrangements, the rates of change in world production and trade had resulted in a rise in pressures for protectionism in many countries.

"Even bilateralism is again gaining respectability, after the years spent in the 1950s creating a multilateral system of trade and payments."

"Similarly, the rates of change in world production and trade have been constrained by continuing inflationary expectations, and intractable rates of inflation in many countries," Dr. Friedman said.

The position of the International Monetary Fund at the centre of the monetary system was especially critical. The fund's limited financial resources and governments' reluctance to weaken sovereign powers, had not permitted it to play its appropriate role in the international monetary system for several years.

The International Monetary Fund would soon be strengthened, however, as its quotas were increased by \$11.7bn. — an increase of some 22 per cent from the present quota total of approximately \$53bn.

Mr. Francois-Xavier Ortoli, vice-president of the EEC Commission, said the main economic arguments advanced for more than 10 years to justify Economic and Monetary Union in the Community had lost their strength.

"Economic and Monetary Union would undoubtedly boost growth and underpin equilibrium in our economy," he said. "By enabling economic forces to work freely in a large market bearing completion, it would ease the return to steady expansion and a satisfactory level of employment."

"By increasing the effectiveness of demand management policies, it would contribute to greater price stability in the Community."

The Commission had been forced to recognise that immediate union was not a practical proposition. Too many differences remained.

But if Economic and Monetary Union could not be implemented immediately, it was still the right goal in the medium term. The Commission had submitted a



MR. HAROLD LEVER

... seeking new system

five-year programme to the European Council designed to lead to union.

"We are pressing for close co-ordination of budgetary and monetary policies, stronger mutual assistance machinery, and prior consultation on national, short-term economic policies to ensure that they fit together and thus enhance one another."

One danger to progress was defeatism. "Europe is rich in manpower, rich in technique, rich in capital. Europe has a future, but we must organise this future and we cannot do this unless we pull ourselves together and snap out of this mood of pessimism," Mr. Ortoli said.

Herr Manfred Lahnstein, top civil servant in the West German Finance Ministry, believed there should be a two-tier Community for a period.

In his address, entitled "How Much Integration in the European Community?" he said complete integration was an unrealistic prospect.

The similarities are not there. It is enough to look at the performance of the different countries. I cannot find the political climate that would enable us to make progress in fields such as defence or pure politics.

"On the other hand, we are faced with intricate and, to a large extent, trans-national problems."

Mr. Norman Robertson, senior vice-president of the Mellon Bank, Pennsylvania, estimated that the U.S. current account deficit would increase from \$18bn. last year to about \$23bn. this year.

Lack of spending on new plant and equipment threatened to cut short present economic expansion and also had sombre implications for the longer term. This was because there was "more uneasiness and uncertainty about the longer run economic future than at any time since the great depression."

A second reason was a decline in corporate profitability, which meant that internal cash generation had barely been adequate to maintain existing facilities, let alone embark on major programmes of modernisation or expansion.

Mr. Robertson expected short-term U.S. interest rates to remain on a rising trend, climbing perhaps another full percentage point before reaching their cyclical peak. A solid 3 per cent gain in real growth national product in 1978 was likely, but 1979-80 could be quite a different story.

Sig. Rainer S. Mesera, head of the international financial section of the Banca d'Italia, argued that a different approach to international liquidity creation was needed.

"Exchange rate movements cannot solve the problem of liquidity, but might, under certain circumstances, help towards long-term adjustment. The advantages can be seen of thinking again of schemes of limited exchange rate flexibility."

The International Monetary Fund should play the role of controller of the growth of international money and of leader of last resort.

Mr. Genzo Suzuki, chairman of the Associated Japanese Bank (International), said the world economy was a going concern built on a foundation of interdependence, co-operation and friendship.

The destruction of this foundation would lead to the destruction of world economy. The world economy was a going concern built on a foundation of interdependence, co-operation and friendship.

Mr. Shapur M. Shirazi, vice-governor of the Bank Markazi Iran, also addressed the conference.

North Sea fields may be left undeveloped

BY RAY DAFTER

NORTH SEA oil operators may be forced to leave undeveloped a number of oil fields, oil and gas equipment suppliers were warned yesterday.

Oil companies are being squeezed between rising development costs and a drop in real terms in oil prices, Mr. Bob Scott, editor of World Oil, told a meeting in London.

"If oil prices remain stable into the 1980s, and similarly assuming that development costs continue to escalate, operators will have to bypass ever-larger fields, because even though they may contain reserves which last year would have been considered commercial, higher costs will make them non-paying ventures."

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Massey Ferguson to lay off 4,800 workers

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

SHORTAGE OF demand for new U.S. Turkey and Pakistan.

Massey Ferguson said last night that layoffs would almost certainly have to be effected earlier than planned because of a dispute at GKN Sankey, which supplies a wide range of components.

International Harvester of Great Britain announced two weeks ago that it was cutting the labour force of its Bradford tractor plant by 210 because of Turkey's economic problems.

Massey Ferguson traditionally battles with Ford for leadership in the U.K. market, but suffered last year from a damaging 11-week strike and an occupation of the plant.

Over recent weeks the Coventry factories have sought extra work and production of labour to avoid layoffs. The company said that the Easter lay-off will extend into the following week for about 1,000 employees in the machine shops.

Management intends to find work on maintenance and stock-taking for some people during the shutdown.

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Tougher standards for new teachers

Financial Times Reporter

PEOPLE WANTING to become teachers must reach minimum levels of numeracy and literacy in future before joining training courses, Mrs. Shirley Williams, Secretary for Education, has decided to move to tighten up teaching standards.

From September 1980, all applicants for initial teachers' training must have an "O" level or CSE in English and mathematics to an appropriate standard or they must be able to show they have reached the same level by some other way.

No exemptions from the new regulations are planned because they would be difficult to administer equitably. But teacher training institutions should make arrangements to help candidates with no formal qualifications in English or mathematics.

The new regulations will cover entrants to all graduate and post-graduate courses.

The move endorses the proposals of the 1977 Advisory Committee on the Supply and Training of Teachers. Until now it has been up to individual training colleges to apply their own entry standards.

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Steel industry set to disobey EEC order on protection

BY JOHN LLOYD

THE dispute between the British steel industry and the European Commission worsened yesterday when it became clear that the steel producers and the stockholders' association were unlikely to obey an EEC directive to drop plans to protect the U.K. steel industry.

The National Association of Steel Stockholders told members by letter that it thought it "inadvisable" that one section of the Commission should attempt to destroy the work of another.

Last week Mr. Raymond Vowel, Competition Commissioner, wrote to the British Steel Corporation and the British Independent Steel Producers' Association, telling them to stop signing agreements with stockholders which would make the stockholders buy 85 per cent of their steel from EEC sources, and sell it at U.K. producers' list prices.

British Steel, the independent producers and the Steel Stockholders, who supported the agreement, claim that they are setting in the spirit of the plans drawn up by Viscount Davignon, the EEC Industry Commissioner.

Mr. Vowel claims

LABOUR NEWS

Unions condemn steel hysteria'

By Perman,
ish Correspondent

SCOTTISH and Welsh steelworkers in Manchester yesterday condemned the Government's plan to introduce a new steel industry wage agreement.

The 200 senior stewards in the Scottish and Welsh steel industry, who are members of the Transport and General Workers Union, agreed that redundancies in the steel industry should be subject to discussion between management and unions. A joint meeting considered the Government's plan to introduce a new steel industry wage agreement. The plan was to increase wages by 10 per cent, but the unions argued that this was not justified by the industry's performance. They also expressed concern over the possibility of redundancies in the industry.

Reject incentive scheme say Leyland stewards

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS shop stewards are to recommend rejection of the company's new incentive scheme in a ballot of the 100,000 manual workers.

The 200 senior stewards decided in Coventry yesterday to oppose the deal, which the management claims could yield up to £8 bonus a week for each employee.

Fears that the proposed productivity scheme would expose the workforce to further redundancies was an important factor in the decision, according to Mr. Grenville Hawley, National Automotive Secretary for the Transport and General Workers Union. He said that stewards were suspicious of plans to improve output performance at a time when Mr. Michael Edwards, chairman of British Leyland, had said that the company could sell no more than 850,000 vehicles this year — a 20 per cent reduction on previous targets. "Against the background of the company's intention to close the Speke Number Two plant, it was felt that we should know the real ramifications for employment of the Edwards plan," Mr. Hawley said.

Opposition from the shop stewards does not necessarily mean the issue will be lost in a ballot. Last October, Leyland gained a 3-2 vote in favour of its plans to reform industrial relations, in spite of a hostile

campaign by many shop stewards.

Leyland has proposed a six-month trial period for the incentive scheme. The initiative was taken to break the deadlock in negotiations, which have dragged on since last November.

The company is taking a hard line in pressing for genuine productivity improvements. The main division between management and unions centres upon the issue of "mutuality"—put simply, the right of the workers to exercise joint control over manning levels and the pace of the production line.

However, workers may take the view that the deal proposed

by the company at least offers the opportunity to raise earnings. Either side can give four weeks' notice at any time to end the trial period.

Talks on alternative employment and redundancy pay began at Cadbury's Typhoo factory, in Birmingham, to head off a strike threatened by 550 workers who are losing their jobs. The company is setting up a more modern tea-making factory at Moreton, near Birkenhead, in an assisted area.

Mr. David Bowers, production director of Typhoo, and Mr. G. Peters, personnel director, met Mr. Ken Cure, engineering union divisional officer, and Mr. Terry Austin, Transport Union officer.

Water workers settle

BY PAULINE CLARK, LABOUR STAFF

PROSPECTS of a pay settlement within Government guidelines in the water supply industry rose yesterday when a delegate conference of Transport and General Workers' Union members voted to accept the latest employers' offer.

The move came after the decision by negotiators in the General and Municipal Workers' Union, the biggest in the industry, to recommend acceptance in a ballot of their members among a total of 33,000 water supply manual workers. The National Union of Public Employees, which claims some

12,000 members in water supply, is expected to announce its decision by the end of the week after consultations at branch and district level.

Mr. Mick Martin, national secretary for public service in the TGWU, said acceptance of a 10 per cent offer had been agreed "very narrowly" by the 25-man conference. He said the employers' promise to review grading structures by the autumn would increase water supply workers' determination not to be shackled to further tight wage restrictions after

Guards feel short-changed

THE RAIL dispute which has kept Mr. William Rodgers, Transport Secretary, occupied for the past week and has been watched with mounting concern by the Prime Minister, has its roots in a 1974 pay restructuring exercise.

Two points, crucial at least at the start of the row, arose out of the exercise.

1—In an attempt to end the constant bickering between staff grades which had dogged the railways, all separate bonus payments were consolidated.

There was also a firm commitment from all sides that there should not be unilateral pay deals between the British Railways Board and any individual group of rail workers.

2—The exercise left the growing number of pay-train guards with a strong sense of having been short-changed.

These guards carry out the same train-safety work as others on passenger and freight trains. At the same time, however, they were expected also to collect fares and issue tickets, for which they were not paid extra money.

That claim has been processed and agreed and would give 1,600

guards, sharing 500 turns or shift a day, payments varying from £2.50 to about £5 a week. The system is based on a mixed measurement of tickets issued and money collected, British Rail estimating that average payments would be less than £3 a week.

British Rail appears to have

that, unless something was done to meet the guards' claim, there was a real possibility of industrial action by the union, not necessarily nationally but certainly on pay-train services. On the other hand, there was a risk that the Associated Society of Locomotive Engineers and

British Rail says that the deal is not a bonus arrangement for a specific group of railmen but a commission payment for a certain turn of duty. Privately, however, some rail managers believe the society has a valid point. The society's response has been governed more by the need to improve its bargaining position during present talks on pay and productivity than by drivers' anger.

De-manning has been a serious issue for rail unions, particularly over the last two years, since the Opportunity for Change manning reductions were brought in. The present productivity proposals are based on an offer of 75p a man per week, based on present earnings, for every one per cent improvement in performance.

Performance will be based on a formula linking increases in revenue and freight movement with staff reductions and it is the latter part of the proposed arrangements which is worrying unions.

There is also considerable disquiet over the cash value of the deal. British Rail admits that the present productivity offer would have meant nothing in cash terms to staff if it had been applied between 1974 and 1976.

The society might have more to lose on the issue of de-manning than the other unions, particularly on train services using assistant drivers as well as drivers.

It is on the manning issue that British Rail believes the society intends using the present squabble as an extra bargaining lever.

NICK GARNETT

analyses

THE RAIL DISPUTE

changed its attitude to the "commission" payments—it says they are not bonuses—for two reasons.

FIRST, the pay-train guards have been doing the work under sufferance and an increasing number were not carrying out ticket-issuing in protest.

The number of pay-trains had grown and British Rail was losing a lot in revenue through fraudulent travel. Officially, British Rail puts the figure at about £100,000 a year, although estimates have run as high as £1m.

The new agreement was designed to help combat this loss and a new duty for the guards—examining and collecting tickets bought by travellers at normal ticket-issuing offices—was incorporated.

SECOND, rail management had to weigh the various risks of industrial action from the unions. It was here that the British Railways Board appeared to have made a serious misjudgment.

There was certainly a feeling

Firemen, the drivers' union, and the only militant of the three rail unions, would kick up a fuss.

The 1974 agreement includes a rather woolly clause that certain special pay issues might be discussed separately from national arrangements, but there was an obvious danger, recognised by the board, that the society would view the guards' deal as a breach of the 1974 agreement.

Management took the view that the risk of a reaction from the society was worth taking, in view of the difficulties on pay-train services.

It was a measure of the way the British Railways Board underestimated the position that it was surprised, not to say shocked, when executives of the society plumped for a series of 24-hour strikes.

Mr. Ray Buckton, the society's general secretary, has been adamant that the issue is solely about a sectional payment which has infuriated his members.

it bonus plan does not affect accident rate

DAVID LLOYD

figures on mining accidents show no indications that incentive scheme, now in use at most British pits, has made any more accidents.

argument that accidents increase as miners' bonuses to win bonuses was one of the main arguments of the

indications show, if any, a reverse. Figures for Nottingham, which an incentive scheme in effect the first large coalfield to show an accident rate in the North Nottinghamshire coalfield is slightly lower than in the previous year.

Board said, however, that there had been a slight upsurge in accidents

resulting from the bonus scheme as had been feared. Mr. John Clarke, a safety inspector from the Philadelphia Mines Inspection Board, said in his quarterly report that mining safety standards were now so widely accepted by miners that there was no reason why incentive scheme should cause a deterioration.

Before self-advancing roof support systems were introduced, the main cause of serious underground accidents had been insufficient care in shoring up the roof before extracting the coal.

Turks worry stewards

GOVAN Shipbuilders shop

stewards last night asked British Shipbuilders to cancel permission for the training of 37 Turkish managers at the Clyde-side yard.

They said Mr. Michael Casey, British Shipbuilders' chief executive, had said that the plan could lead to the export of British shipbuilding technology to countries liable to be future competitors for orders.

Lord Shepherd to head Civil Service pay board

DAVID CHURCHILL

FIRST chairman of the Civil Service Pay Research Unit is to be Lord Shepherd, Lord Privy Seal and Minister responsible for the day-to-day running of the Civil Service.

Board is being set up to re-introduction of the search system next year. Under this, Civil Service pay awards will be linked to the pay level of jobs in the private

system was suspended in 1975. It had been criticised for not being subject to scrutiny. Although the research Unit emphasised independence, the Govern-

ment decided to set up a top-level Board to monitor its work. The Prime Minister, announcing Lord Shepherd's appointment yesterday, said that he hoped soon to be able to announce appointment of the four other independent Board members, who would be chosen to represent a wide range of outside experience.

Lord Shepherd, who will receive no salary in the new post, is deputy chairman of the Sterling Group of companies.

Mr. David Ennals, the Health Secretary, announced that talks were far advanced on introduction of new pay and conditions for the negotiating machinery for over 100,000 National Health Service workers.

Landstill at East Coast ports may be averted

PHILIP BASSETT, LABOUR STAFF

S WERE high yesterday pay strike due to start at which could bring the of London and three other East Coast ports to a standstill be called off.

chant Navy officers who he cutters which take pilots waiting ships planned to the strike last Friday, but ed it until 5 p.m. to-day peace talks were arranged.

terday, Mr. Stanley Clinton Trade Under-Secretary, representatives from the s' employers, Trinity and Mr. Harold Walker,

Minister of State for Employment.

The officers' union, the Merchant Navy and Airline Officers' Association, was hopeful that a settlement had been reached in the dispute, which involves officers on fewer than 100 pilot cutters but could stop ships entering the Thames, Felixstowe, Harwich and Ipswich.

The dispute is over non-payment of money in a productivity deal, awarded on top of a Phase Two increase last November. Trinity House has said it has not had Department of Trade clearance to pay the money.

Strike shuts docks again

GOW DOCKS were closed yesterday by a third 24-hour of the port's 700 manual workers in support of an 18 per cent pay claim by Glasgow's 500

stoppage, which halted on seven vessels was conducted by Mr. James Davidson, general director and deputy

chairman of the Clyde Port Authority. He said the authority could not improve on its 10 per cent offer.

"At a time when we have to compete for every tonne of cargo, they are doing irreparable damage to the trade of the port and jeopardising the long-term job security of everyone in the

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PARLIAMENT AND POLITICS

Varley denies House misled over BSC finances

BY IVOR OWEN, PARLIAMENTARY STAFF

LEGISLATION is to be introduced after Easter increasing the borrowing powers of the British Steel Corporation, beyond the present limit of £4bn. Mr. Eric Varley, Industry Secretary, disclosed in the Commons yesterday, when he shrugged aside further Conservative demands for his resignation.

Sir Keith Joseph, shadow Industry Secretary, joined with Tory backbenchers in mounting a fierce attack on the failure of Ministers to reflect the full extent of the deteriorating financial position of BSC—its losses are now approaching £2m. a day—in earlier statements to the Commons.

They were particularly critical of Mr. Gerald Kaufman, Industry Minister of State, who was said by Sir Keith to have misled the House by referring to the upturn which was taking place "when he knew that an upturn was not taking place."

Mr. Varley bluntly denied that Mr. Kaufman had misled the House. He pointed out that at the time Mr. Tim Renton (C., Mid-Sussex) had praised Mr. Kaufman for giving "an honest answer."

Mr. Renton interjected that at that time, he did not know what Sir Charles Villiers, the BSC chairman, had said only four days before.

Mr. Varley suggested that this was one of the matters which could be dealt with when, in accordance with normal practice, the Government issued a White Paper replying to the three reports by the Select Committee, which has been examining the finances of BSC.

He insisted that the normal procedure should be followed in dealing with the Select Committee's reports and did not take up a suggestion by Sir Keith that there should be a special day-debate on the issue.

Mr. Varley reaffirmed that the

Government intended to make a statement on steel before Easter, probably on the same day as the White Paper is published, and envisaged a wider debate taking place on the legislation to be introduced after Easter.

In a general defence of the Government's position, Mr. Varley maintained that the political commitments requiring the retention of older and loss-making steel plants could not be abandoned without the agreement of the unions concerned. Negotiations were now taking place with the unions and "some progress" had been made.

Mr. Varley quoted the views of a leading accountant with Cooper and Lybrand to support his claim that Tory MPs were pursuing Mr. Kaufman over his use of the phrase "an upturn

taking place" with the benefit of hindsight and on an unfair basis. He was adamant that both Mr. Kaufman and himself had been "utterly forthright with the House and with the Select Committee."

Mr. Ian Gow (C., Eastbourne) castigated BSC and the Department of Industry had been grievously erroneous to the point of negligence. The Government's failure to take action to deal with the Corporation's financial crisis was due to political and not industrial considerations, he said.

Mr. Varley retorted that Conservative MPs were unwilling to understand that whole communities in Scotland, Wales and England were affected by steel closures. To have arbitrarily wielded the axe would have

resulted in massive redundancies. He arbitrary closure of eight old plants and perhaps one modern plant would have led to something like 46,000 redundancies.

Mr. Robert Adley (C., Christchurch and Lymington) contended that Ministers should have been more frank in admitting that expenditure was being incurred by BSC for social and not industrial reasons.

Mr. Varley replied: "You should know that political commitments were entered into by the Labour Party before it entered Government. I have never sought to conceal that."

He also urged the House to take account of the leading article in the Financial Times on Monday which referred to the effectiveness of BSC's internal

reporting procedures and its communications with the Department of Industry last summer which appeared to have signalled danger as quickly as could reasonably be expected.

Mr. Eric Heffer (Lab., Walton) defended the Minister's action in seeking to honour Labour's election pledges to avert steel redundancies and accused Conservative MPs of adopting a "hypocritical position."

It was unfortunate, he said, that some Labour backbenchers serving on the Select Committee had through "an aberration" supported criticism of the Minister.

Mr. Varley agreed that the Government had had to honour its election commitments. "If we want to vary them, we can only do it by discussion," he declared.

FIERCE CLASH ON IMMIGRATION

Temper flare... as MPs debate law and order

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TEMPERS FLARED in the Commons yesterday at the start of the Conservative debate on law and order as Mr. Keith Speed, a Tory front bench spokesman, engaged in a furious confrontation over immigration with Mr. Marilyn Rees, Home Secretary.

The Speaker, Mr. George Thomas, had to intervene to restore law and order in the Chamber, as Mr. Speed, red-faced with anger, repeatedly hammered the Dispatch Box and belittled the Home Secretary.

The row was sparked off when Mr. Rees accused Mr. Speed of saying in his constituency of Ashford, that U.K. passport holders should be sent home and then getting Mrs. Margaret Thatcher, the Conservative leader, to deny that he said it.

At this, Mr. Speed jumped to the Dispatch Box and shouted at Mr. Rees to give way so that he could reply to the allegation. Mr. Speed's words were lost amid the uproar, but Labour



Mr. Whitelaw... put Tory "action plan."

MPs could be heard demanding that the Speaker "name" him and order him out of the Chamber.

Eventually, tempers cooled and Mr. Speed was able to explain that the Conservative Party would uphold its promise to U.K. passport holders. But if a Conservative Government

in the future were to face a situation where hundreds of thousands of immigrants were coming in from East Africa, it would have to look at the situation again. Therefore, the Home Secretary's remarks were totally untrue.

Mr. Rees replied that he had obtained his information from a newspaper account of Mr. Speed's speech. However, if that was not what was said, then he would be withdrawn his allegation.

The angry exchanges came at the beginning of the Tory campaign for the worst season of young offenders based on Army reason why they should be his handling of the law-and-

intention, he said, would be to administer a short, sharp shock

Police would be given the power and conditions necessary to improve their morale and early resignations. Judges and magistrates would be enabled to give the widest range of penalties. Juvenile courts would be reorganised to give back to the magistrate and the "problems" of the prison system would be tackled.

Mr. Whitelaw said that resignations from police forces in England and Wales had risen from 2,701 in 1975 to 3,166 in 1976. Metropolitan Police resignations alone last year had been almost 1,300.

He gave Mr. Rees and Police Commissioner Sir David Miles every credit for the success of the "Liford" operation on Saturday. But as the Metropolitan force was nearly 4,500 strong, its already unrealistic equipment, many areas of London must have been very short of police protection that day.

The statistics disclosed a more worrying situation in the effectiveness. In London, a severe loss of experienced police officers through resignation is being offset to the extent that it is by the recruitment of young men and police constables.

Although they were "newcomers" they could not really be regarded as an adequate replacement for experienced officers.

Accusing some Labour MPs of undermining respect for the observance of the law, Mr. Whitelaw said: "Mr. Foot says he will attack the judges and the Government will introduce, however they produce a judgment which does not accord with his political views and his suspicion."

A dramatic rise in crime among boys and girls was the Government's responsibility. If the worst season failed them, they saw the reason why they should be his handling of the law-and-

The part in that society and its role

Leyland cash protest by Tories

FEWER SPECIFIC conditions may be attached to the next injection of public money into British Leyland, Mr. Eric Varley, Industry Secretary, indicated.

There were immediate protests from Tory MPs when he voiced his preference for a move away from the position operating since April 1975, with "everything conditional on certain performance."

Questioning whether the attachment of conditions relating to efficiency, industrial relations and productivity was the best way of proceeding, Mr. Varley commented: "I don't think it is entirely realistic to suggest all that."

Sir Keith Joseph, shadow Industry Secretary, challenged: "Are you saying that if more money is requested from the taxpayer for British Leyland, it is to be given without any conditions?"

Mr. Varley replied that there was no doubt that British Leyland would require more public finance. The actual form in which the money would be put into British Leyland would depend on the company's corporate plan which was to be submitted to the National Enterprise Board.

The Board would be making recommendations to the Government. It was too early to say what decision would be made by the Government in the light of the NEB's recommendations.

Mr. Norman Lamont, another Conservative industry spokesman, had earlier asked for an assurance that it remained the Government's policy that no more money should be advanced to British Leyland without there being a definite improvement in both productivity and industrial relations.

He warned that any further reliance on solemn and binding assurances — "our old friend Mr. Solomon Binding" — would not be credible.

After indicating his preference for a move away from the conditions laid down in 1975, Mr. Varley said the real test of British Leyland — "I think there has been an improvement over the last few weeks" — was whether it could sell its products in the market place in the face of fair competition.

Amid Labour cheers, he stressed: "Not on the basis of whether £50m. is coming next week or the week after."

Welcoming the Minister's approach, Mr. Geoffrey Robinson (Lab., Coventry NW) argued that the attachment of pre-conditions to the release of public funds was "psychologically counter-productive and totally impracticable."

Asked by Mr. Tony Durant (C., Reading N) if the Government would support the British Leyland management in tackling manpower levels, Mr. Varley recalled that the Prime Minister had already announced support for the approach being made by Mr. Michael Edwards, the new British Leyland chairman.

Mr. Hugh Dykes (C., Harrow E) protested that the Minister's complacent remarks on the future financing of British Leyland would cause alarm among taxpayers.

Completely unrepentant, Mr. Varley again maintained that "great moments of drama" centring on whether or not the Government would agree to advance further sums of money was not the best way to proceed.

"The best way of succeeding is principally by making sure that British Leyland is successful," he said.

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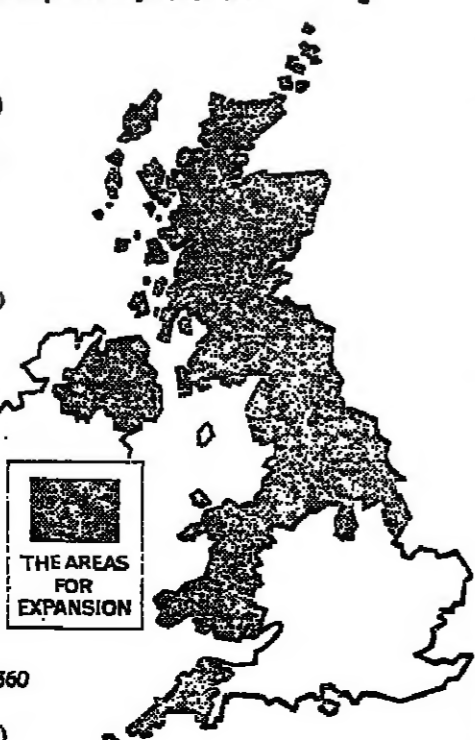
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Rees gives 'watch it' warning to Front

For the Government, Mr. Rees announced that after long consideration he had rejected suggestions that he should take over the power to ban political marches under the 1936 Public Order Act.

He had decided that this power was best left with the Metropolitan Police Commissioner and with the various chief constables.

"The decision is made on the basis of law and order. I don't believe it should be the decision of the Home Secretary," he said.

He did not think that a Home Secretary should say "I don't like that march. I don't like the people who are marching. They will cause trouble in that area."

The Home Secretary went on to give a strong warning to Mr. Martin Webster, of the National Front, over remarks he had made about the forthcoming by-election in Brixton.

In Mr. Rees's opinion there was little difference between the National Front and the Mosley fascists of pre-war days. He said that Mr. Webster had been reported as saying at Lifford North last Saturday: "If they think this by-election is a hot potato, wait until we put up a candidate in Brixton."

Mr. Rees went on: "If that is a threat he makes to the community, I say on behalf of the Government and the decent people of this country 'watch it'."

"At the end of the day, the 82 on police expenditure. There would be an increase in real terms of £85m. in total law and order expenditure over the next five years. Any extra police pay would be in addition to these sums."

There were 7,500 more police officers at the end of 1975 than in March 1974, when Labour came to power—1,500 of them in the Metropolitan Police. He did not disguise, however, that there was a real problem caused by police leaving the service after only four or five years.

Mr. Rees said that there were 500 fascists in Lifford North on Saturday. But when there were 635 constituencies at stake in a General Election, they might be thinner on the ground. If the other parties in the House had any views he would take them into account in dealing with any trouble that might arise.

In rebuttal of the Conservative case, Mr. Rees said that over £250m. more was now being spent on law and order in real terms than in 1974. On top of this, a further £50m. had been added.

Mr. Rees said that the aim was to build an organisation which transcended party political allegiances.

The campaign would present devolution as an opportunity to vote for better government in Wales.

The Wales Bill is a less radical measure than the Scotland Bill. It proposes an assembly with executive powers only, whereas Scotland would have a body with legislative powers.

Even so, Mr. Morgan was confident that the setting up of the Welsh Assembly would constitute a "historic contribution to democracy."

He added: "It will enable a massive transfer of authority from the Welsh Office, Government departments, and a galaxy of nominated authorities to a body directly elected by the Welsh people."

A major concern was that opponents of the referendum would have access to "substantial advances from the CBI and such organisations." Mr. Morgan said that the campaign intended appealing to the people of Wales to counteract the money coming from outside Wales. The aim was to raise £50,000.

Mr. Morgan claimed that this was not significant. The aim was to build an organisation which transcended party political allegiances.

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The public expenditure forecasts envisaged a growth of 4 per cent. over the five years to 1981—£2 on police expenditure. There would be an increase in real terms of £85m. in total law and order expenditure over the next five years. Any extra police pay would be in addition to these sums.

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Steel sets out party challenge

By Robert Cornwell, Lobby Staff

MR. DAVID STEEL, Liberal leader, last night issued a pointed warning to Mrs. Margaret Thatcher not to endorse even the milder statements of the National Front.

Mr. Steel was speaking at a rally in support of the Liberal candidate in this week's Lifford North by-election, where the party will reckon to have done well if it keeps the National Front out of third place, although with fewer than the Conservative votes in the polls was October, 1974.

Mr. Steel said that Mr. Freeman, the Liberal candidate, was in the front line of attack by the National Front. He said that the Liberal Party would replace it with a more moderate, more responsible, more humane party.

But the Liberal leader emphasised that the ultimate goal of the Front was to bring about a replacement of the present Government by a more responsible, more humane party.

These views were repeated in the vast majority of the party's propaganda, said Mr. Steel. "It is nothing of the kind," he said. "The National Front should resist the temptation of becoming Britain's 'Hitler's Third Reich'."

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Blacklist case cost criticised

THE Appeal Court "blacklist" case in which the Attorney-General, Mr. Sam Silkin, appeared earlier this month, cost taxpayers £378, the Commons heard yesterday.

Mr. Silkin had been asked by Mr. Tim Renton (C., Mid-Sussex) about the cost to public funds of the case brought by Holliday, Hall and Co., and of his appearance in court.

Mr. Renton described the sum as "an extraordinary waste of taxpayers' money."

TV licence rise hint

AN INDICATION that TV licence fees may go up next year was given by Mr. Marilyn Rees, Home Secretary, in the Commons yesterday.

In a written reply, Mr. Rees said that when the Government increased last July the rate at which they were paid, it was to last for at least a year.

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FINANCIAL TIMES SURVEY

Tuesday February 28 1978

Bristol

Bristol is a proud and prosperous city with an important place in British history dating as far back as the Saxon era. It has a record of steady growth and a diversity of industry that is the envy of most other parts of the U.K.

city

any
rtsSurvey was written
OBIN REEVES

ENTORIES, Bristol was only to London, as the main port and commercial centre. In 1497, John Cabot sailed from Bristol in the "Matthew" to discover the American mainland. Subsequent generations of Bristol entrepreneurs played a role in exploring and settling the frontiers of the then world and developing it as eventually to become a world empire. Unlike a number of historic cities, Bristol was chosen to sink back deep and slightly ribbed provincial existence to a dream of glories. The magnificent terraces of Clifton district of Hotwells bear to the spirit of enterprising a later era. The city with their unique floating and SS Great Britain do not really impinge on the first iron clad screw steamship in the world and the Clifton suspension bridge are among a number

of reminders of the pioneering role played by Bristol in the industrial revolution and the heyday of Victorian enterprises.

To-day, Bristol remains a modern, bustling city and regional centre for the whole of the West of England. It boasts its own university, several colleges of higher education and training, three theatres, a concert hall, a zoo, several museums and art galleries and an abundance of other amenities associated with modern urban living.

The greater Bristol area has a population of just over 800,000, which since local government reorganisation has been drawn together in the new county of Avon. Relations between the new county and the old city's council are not ideal. This is partly because Bristol, which now has district council status, is Labour-controlled, while Avon is in the hands of the Conservatives. But it is also obvious that scripping powers from the city authorities, with centuries of tradition behind them, and giving them to a totally new body was bound to cause friction. The settling-down process is also not being helped by Government suggestions that the old city councils may be granted a return of their former powers. In Bristol's case, this would undermine the whole raison d'être behind the creation of Avon.

Steady

But these are matters which do not really impinge on the economy of Bristol, which has a record of steady growth and diversity of activity that is the envy of most other parts of the



The Oval, with the University buildings (top, left) in the background.

U.K. But before examining this problem and the remedies being applied, it needs emphasising that the problem is relative. Bristol's traditional spirit of heavier than air aircraft to be used in British army manoeuvres has continued to serve the local economy overall—continuing with the Blenheim, Beaufort and Brabazon—and it will be surprising if it does not do so in the future, given the long-awaited general economic recovery.

This is most notably true of the setting up, in 1910, of the Bristol Aircraft company. From Filton, Bristol Aircraft company, Filton has flowed growth, employ-

ment and prosperity from generation to generation. Bristol continues to be intimately associated with trying to push back the frontiers of technology though what began as the guided weapons department of BAC and is now the dynamics group of British Aerospace—concerned with advanced missile systems and space satellite engineering.

Bristol's long and close association with the aerospace industry from its beginnings has in turn provided the foundation for a highly skilled and exceptionally diverse engineering indus-

try. In the West of England as a whole there are over 500 engineering concerns, varying from large factories to small companies specialising in small sub-contracting work, the majority of them concentrated in the Bristol area.

Skill in precision engineering has also been a vital ingredient in some of Bristol's other important industries.

The city might not have established itself as an important centre for the paper and board and packaging industries without the backing of engineering

skills able to produce the specialised, precision machinery required.

Wine, tobacco and chocolates confectionery are three more industries associated with Bristol which, of course, have their origins in the city's maritime past. The port of Avonmouth has also given Bristol an important stake in the grain and animal feedstuffs business, petrochemicals and base metals.

Clothing (notably uniforms and foundation garments) and boots and other leather goods are also traditional activities which have only recently declined in relative importance.

Commerce

The most important growth area in the 1970s has been in commerce and distribution. Before the present recession, Bristol was chosen by five major companies as the location for the large-scale decentralisation of their offices from London. Warehousing and distribution also assumed increasing importance, attracted by the interchange of the M4 and M5 to the north of the city, which gives easy and direct access to 1,000 acres of surrounding land.

Excellent communications have always been a vital ingredient in Bristol's economic success. For centuries they were maritime. To-day, besides having such comprehensive motorway links, Bristol continues to enjoy one of the fastest and most frequent rail services with London or any provincial city—only one hour 20 minutes

on British Rail's High Speed Trains—and direct Inter-City links with other U.K. centres.

Bristol (Lulsgate) airport has regular scheduled services to other parts of the British Isles and the Continent. But if these are not convenient, then Heathrow is little more than an hour and a half's drive away.

At the same time, Bristol has determined to try to maintain its sea trade tradition by building a brand new dock across the river from Avonmouth suitable for modern container and roll-on roll-off traffic, named Royal Portbury dock when it was opened by the Queen last year.

The construction of this 237m. facility, with the biggest tidal lock in the U.K., remains controversial. There are those who say that Bristol can never hope to compete with other container ports which, for the most part, are more conveniently located and have faster turnaround times. They fear that of their offices from London. Royal Portbury will remain a permanent loss-maker to Bristol. The proponents of the new dock are banking on its unique direct access to the M5 motorway only a mile away and as selling points.

In view of the extraordinarily long gestation period for building the new dock—it was first decided upon by the city's docks committee in 1962—most people would wish it well. But so far, it has succeeded in winning only two regular customers, though it may yet prove an important influence in attracting new industry to the Bristol area. This is very much Bristol's concern at the moment. The city

CONTINUED ON PAGE III

THE LIGHT UNDER THE DOOR THAT IS

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BRISTOL II

Local industry

Aerospace

ALTHOUGH Bristol has a remarkably diverse economic base, the aerospace industry is still the largest single source of employment and there is an understandable preoccupation in the city with the industry's prospects.

What seems certain is that the last two Concorde off the production line—Nos. 14 and 16—are due to fly later this year and there is, as yet, no guarantee that another major project will take its place.

Even so, the signs are that the end of the Concorde production run is not going to result in enforced redundancies. This is due, in no small measure, to the use of BAC (since January 1 the Aircraft Group of British Aerospace) made of the breathing space provided by the Government over the past three years or so.

For one thing, the numbers employed have already been reduced. At the peak, some 6,000 people were working on Concorde at Filton and a further 400 at the flight testing centre at Fairford, Gloucestershire.

Today, the total is down to around 4,200, a reduction which has been achieved fairly painlessly and certainly without hard redundancies. But another and perhaps more interesting reason is that BAC has gone out deliberately to seek new markets for the advanced technology developed as part of the Concorde programme, and to find customers—not necessarily in the aerospace field—for the advanced electronic and engineering facilities at Filton.

Breakthrough

An important breakthrough was the decision of London Transport to buy automatic testing equipment developed by BAC for Concorde, to test its increasingly sophisticated rolling stock. But equally, BAC has been seeking customers for its unrivalled expertise in engineering fields as varied as fracture mechanics, climate design criteria, noise and vibration control, computer-aided geometrical design, adhesive bonding and chemical contouring, to name but a few.

A major problem has been to dispel the impression among industrialists at large that use of such facilities is bound to be prohibitively expensive. At the same time, BAC's Filton factory continues to attract work packages arising from current aircraft projects.

such as the Anglo-German-Italian multirole combat aircraft (MRCA), Tornado, and the Anglo-French Jaguar, and even the F-16, the U.S. fighter being purchased by Belgium, Denmark, Norway and the Netherlands.

It has also won stringent Pentagon approval as a maintenance centre for U.S. Airforce aircraft and equipment. That said, the group still regards a major new aircraft project as essential in order to underpin future employment prospects. There are several possibilities, though a firm decision on any choice will rest inevitably with the Government. In the bidding are the HS-148, a new design, four engine, 80 seater feeder liner, either a new version of the Boeing 737 to be built in partnership with the U.S., or the A-300, a joint European venture to produce a smaller 150-seat version of the Airbus.

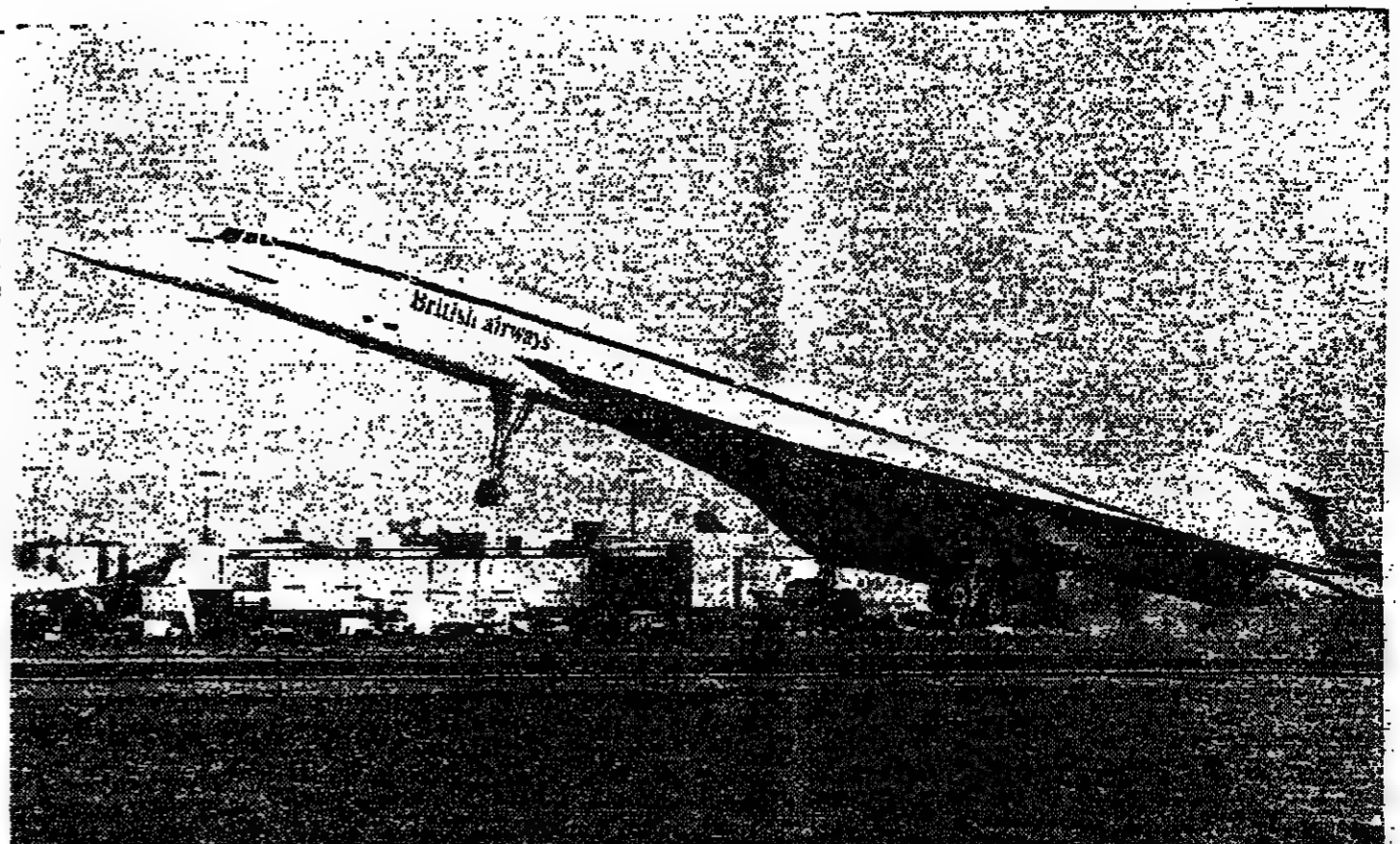
There is, finally, the all-British X11, a new and larger version of the BAC 111.

Weapons

No uncertainty surrounds prospects in the dynamics group of British Aerospace, formerly BAC's guided weapons division, immediately next door. Since it started as a small department of BAC in 1949, it has gone from strength to strength, supplying guided weapon systems to the British armed services and to armed forces in many other countries. It is heavily involved at present in fulfilling a 2400m. contract for tracked Rapier surface-to-air missiles to Iran.

However, the work is not all military. In the 1980s it had a notable success in Skylark, a small scientific research rocket, 380 of which have been built. Recently the group won a £13m. contract in design and build solar panels for NASA's space telescope project, a recognition of the expertise the group has built up in satellite engineering.

A wide range of space and guided weapon projects in the pipeline means that full employment in this sector is assured well into the 1980s. Indeed, the dynamics group's problem at present is recruiting suitably qualified engineers. Some have come over from Concorde, but there are still insufficient around with the right combination of electronic and hydraulic know-how.



Concorde on its way to New York. The last two aircraft will come off the production line later this year. After that, unemployment for many of the Filton workforce must be a serious threat.

Just down the road, Rolls-Royce's two Bristol factories are also fully occupied. The Olympus engines for Concorde never occupied more than 10 per cent. of the workforce, even if they represented the main research and development effort in the 1960s.

Today Rolls-Royce's main Bristol production effort is the manufacture of the RB-199 for the Tornado. There are firm orders for over 300 of these aircraft. It is also continuing to produce the Viper engine which powers a whole range of small, military and business jets, well.

The wine trade

SHERRY is not only the most popular alcoholic drink in the U.K. (apart from beer) it is also synonymous with Bristol. The city owes its original known, Bristol Cream, was growth to trade in wine with Bordeaux and the Iberian Peninsula; and to-day this connection lives on through Bristol's traditional and long-established wine merchants.

Easily the biggest of these is John Harvey and Sons whose "Bristol Sherrys" are now sold in more than 100 different countries throughout the world.

The company's reputation was built up on the expert blending of sweet, full-bodied, sherry, also known as Bristol Cream, was growth to trade in wine with Bordeaux and the Iberian Peninsula; and to-day this connection lives on through Bristol's traditional and long-established wine merchants.

Sherry's firm grip on the aperitif market is clearly eyed enviously by makers of alternative products, notably of Italian and French vermouths. Certainly, they have spent a great deal of money over the years trying to cultivate new habits.

But Harvey's are confident that sherry will continue to more than hold its own. It offers good value for money and does not have to be mixed, they say. The company, in common with a number of other Bristol merchants, continues to maintain a traditional wine merchant service, supplying fine wines to the more exclusive end of the trade. Clients include West End clubs, Service messes, Oxbridge colleges and certain hotels and restaurants. For Harvey's, this side of the business is inevitably dwarfed by sherry, but it is an important part of the image and continuity with the past. It is not without good reason that Bristol will be playing host later this year to the world Wine Fair and Festival, the first time it has visited Britain.

The company is still exploring the potential market and admits to having had some failures. But it is equally sure that it has only begun to scratch the surface of the market for successful applications of the strip brush principle.

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Cigarette centre

TOBACCO HAS been closely associated with Bristol ever since it was first brought to Europe from the New World by Sir Walter Raleigh. Today, the City still boasts the largest cigarette factory in Europe, the Hartnell factory of W.D. and H.O. Wills, which turns out 4m. cigarettes a week.

This company was founded in Bristol in 1796 and now forms part of the Imperial group. But although the head office of Imperial, with its diversified interests in food, packaging and brewing, may be in London, Bristol remains the headquarters of the Imperial Tobacco Company and the main distribution centre for its tobacco products for the west of Britain and most of the South.

The industry in Bristol, in common with the tobacco industry elsewhere in the country, is presently wrestling with the consequences of the radical change in tobacco taxation brought about by Britain's EEC membership. Until last December, tobacco was levied an Excise tax of 26.40 a pound as it moved out of bond. From January 1, the U.K. fell into line with the rest of the Common Market by switching over to an end product tax.

Theoretically, a major consequence of this move should have been a massive one-off improvement in the cash flow of all tobacco companies. Instead of a period of some eight weeks before companies recoup the Excise tax in actual cigarette sales, they are now paying only on invoiced sales. But in practice, the cash flow benefit was

anticipated a long time in advance, and absorbed in a marketing battle arising from the change-over. The previous system meant that the price of cigarettes was geared very closely to the amount of tobacco they contained. The new arrangement has broken this link and greatly narrowed the price gap which traditionally existed between small and large filter cigarettes. King size have now become much better value to the smoker.

Marketing

King size used to have a 10 per cent. share of the cigarette market. They are now reckoned to account for 30 to 40 per cent. and he still climbing, amid a fierce marketing battle. Wills, after a late start—

was traditionally strongest in the medium and small-sized brands—is now claiming second place among the market leaders with its Embassy King Size behind Gallaher's Benson and Hedges. And it has just introduced a night shift at Hartcliffe in order to keep up with demand.

The excitement has undoubtedly helped the tobacco industry shrug off recent disappointment over New Smoking Material (NSM). Tobacco men will point to a number of reasons why NSM cigarettes have not caught on but they also feel sore at the Government which, after years of encouraging manufacturers to develop a safer smoking material, then gave no endorsement. Indeed, they faced outright hostility from the Health Education Council.

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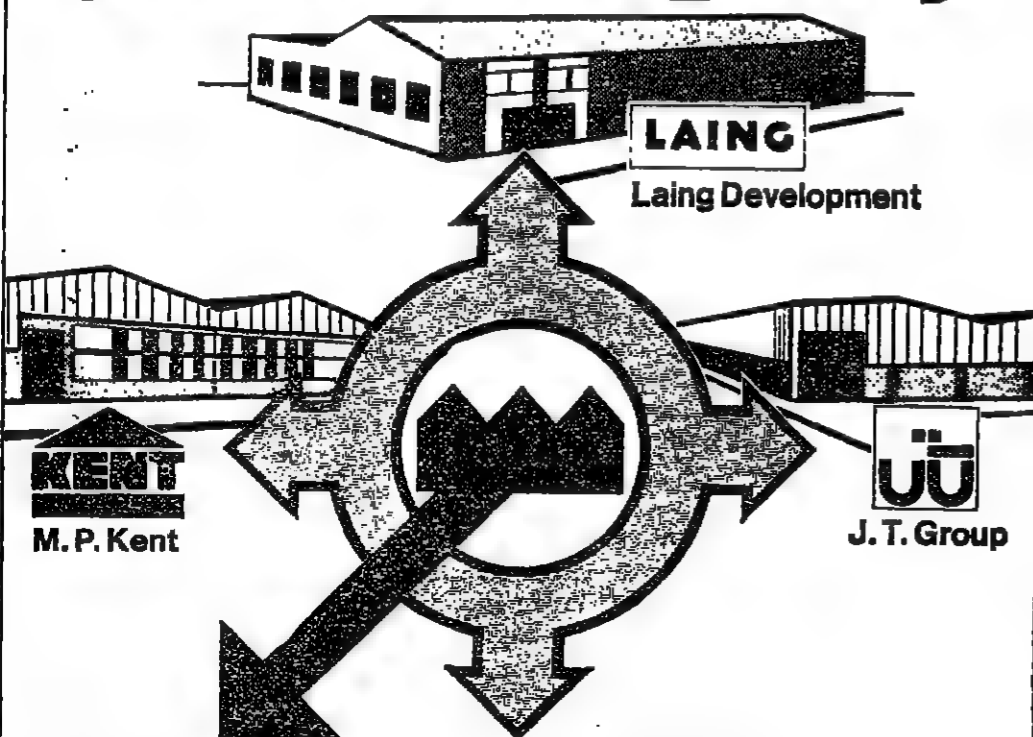
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The maritime tradition

THE LONG-AWAITED opening for business of the Royal Portbury dock at Avonmouth will mark what many Bristolians hope will be yet another successful chapter in Bristol's centuries-old connection with the sea. Although the dock was scheduled to open last year, industrial problems have so far delayed the start of operations.

It is not without good reason that the phrase "ship-shape and Bristol fashion" is firmly anchored in the English language. Bristol entered the shipping business in a big way as early as 1239 when quays were built along the river Frome in what is now the city centre. For centuries it was England's second port, rivalled only by London. John Cabot sailed from Bristol in 1487 to discover the mainland of North America and the city's merchant adventurers subsequently played a key role in the development of international maritime commerce and the settlement of the New World. At the beginning of the nineteenth century, the city undertook another major engineering feat by impounding the three miles of the course of the Avon to make a "floating harbour" and diverting tidal waters into the "New Cut," a channel two miles long and 200 feet wide, quarried down to solid rock.

But by the middle of the last century, the trend towards larger ships was beginning to tell against the city docks, a trend ironically begun by Brunel's revolutionary iron-hulled screw-propelled steamship, SS Great Britain, which was built and launched in Bristol itself in 1842.

The first dock to be built at what is now Avonmouth was a private venture completed just over 100 years ago in 1877. Seven years later, it was acquired by the Bristol City Council, together with another dock

undertaking which had been built a few years before at Portishead, a little down the coast from Avonmouth.

But it was not until the beginning of this century that ideas for turning the whole course of the Avon up to the city into docks became firmly established as the location for Bristol's future dock developments.

Decision

It is interesting to note that the decision to enlarge Avonmouth by building the Royal Edward dock, opened in 1908, was at the time surrounded by considerable controversy. Many Bristolians thought it would never pay and remain a permanent burden on the city's finances. As it turned out the dock paid not only for itself but also for a number of extensions, including the addition of an oil basin for the refined petroleum trade and the provision of the grain terminal facilities.

The controversial decision to press ahead with the building of a new dock complex on the West bank of the Avon, named the Royal Portbury dock and officially opened by the Queen last August, needs to be seen against this background.

It was recognised soon after the war that the days of the city docks as a commercial port were numbered and that if Bristol was to have a chance of remain-

ing competitive as a port it would have to develop new deepwater facilities. And, after pouring the Continent the City Council's docks committee decided as early as 1963 to build Royal Portbury.

Nobody dreamed that another 15 years would pass before the project reached completion. The first (£27m.) scheme submitted to the Government in 1964 was rejected in the Transport Policy White Paper of 1968. A second scheme for a smaller dock, costing £15m., was also rejected in 1968 and a parliamentary Bill promoted by Bristol Corporation was thrown out by the Commons after passing through the Lords.

There was considerable suspicion at the time, confirmed by the Crossman diaries, that political pressure from South Wales against the scheme was mainly responsible for the Government's obstruction. Because of the competition it presented to South Wales ports. And, as it happened, when the Conservatives came to power in 1970, a revised plan was quickly given Government blessing and the necessary Bill passed through Parliament. Work began in 1972 and was completed last year. The cost has been at least £37m.

There have also been other setbacks. Working operations at the new dock were held up, and labour problems have still not been totally ironed out. Because of a six-month-long boycott by Avonmouth's 1,300 dockers, pending negotiation of a satisfactory agreement



Ships in Avonmouth docks.

on wages and conditions for manning the new facility.

Then there was the Toyota affair. The Japanese car company proposed at one stage using the new dock as its main U.K. import depot, with facilities for putting the finishing touches to its cars. Toyota eventually abandoned the idea but not before a show of strong opposition from the Government, which wanted the scheme to be located in Liverpool or another development area port.

The net result is that the citizens of Bristol have, for their £37m. investment, a new dock with the biggest tidal lock in the U.K., capable of taking vessels up to 70,000 tonnes deadweight (two or three times the limit in size for Avonmouth); six berths and an adjoining industrial development site, eventually stretching to 1,000 acres, which certainly provides

ample space for modern cargo handling methods, and a special road linking directly with the M5 motorway just over one mile away. But, so far, there are only two firm customers.

One is the Swedish-owned Tor Line, which has established a new subsidiary, Swift (South West) International Freight Terminal, to develop part of the dock for container and roll-on roll-off services. It sees Portbury as a natural adjunct to its operations at Felixstowe and Immingham. And one of Swift's customers, Cast Transportation of Canada, had already decided to use Portbury on a six-month trial basis after becoming dissatisfied with Liverpool.

The other is a Norwegian concern, Gearbulk, which proposes using the dock for the import of timber products. Clearly Portbury needs to find other regular customers to attract a steady flow of business. And there are many more to be found who

consider it has been a waste of resources. They argue that the disadvantages of a dock, in terms of increased traffic, and Portbury's isolation away from the main business areas, will always be against it. In the meantime Bristol is paying £100,000 a week in loan charges, £80,000 from Bristol ratepayers and £20,000 from Avonmouth earnings. Royal Portbury's supporters on the other hand point to the unique advantage of direct access to the country's motorway network. The interchange between the M5 and M4 is less than ten miles away, giving easy access to the Midlands, the South East or South Wales.

They feel certain that the development of Avonmouth will prove a worthwhile investment and positive asset to the city. Industry will come to the Bristol area, still Bristolians to be found who

Recovery in property

AFTER AT least four very difficult years, Bristol property market seems once again to be on the move. There is nothing heady about the recovery. Indeed, statistically, Bristol looks to have more than enough new office space to meet demand in the foreseeable future. But most immediately available industrial and warehousing space has been taken up over the past six months, after a long period of inactivity.

In the offices sector, around 600,000 square feet of new space stands empty, varying in size from a major Laing development—Whitefriars—totalling 142,000 square feet down to a few thousand square feet in several units in the 10-11,000 square feet bracket. But local agents take the view that only about one-third of the available space can be described as prime location and that as the market picks up a wider gap will open in rents for prime and secondary locations.

At present Bristol office rents vary between £2 and £3.25 a square foot, depending on location, amenities and finish. There may be cheaper space to be picked up in Birmingham and Leicester, but as far as the area West of London is concerned, Bristol now feels very competitive with potential rivals such as Cardiff, Swindon and the Poole-Bournemouth area.

Growth

Bristol has around 9m. square feet of office space in total, of which about 4m. square feet, in units of more than 10,000 square feet, were built in the ten years up to 1976. Initially, developments reflected the economic growth of Bristol itself but as the London property market went into orbit in the early 1970s, Bristol found increasing favour as a

relocation centre for a number of major companies in insurance and banking who wished to move from the metropolis.

The attractions were obvious. One was Bristol's unique position close to the interchange between the M4 and M5, giving quick and easy access to London, the Midlands, the North and South Wales. Another was the increasingly rapid train service between Bristol and London. British Rail's High-Speed Train has now reduced the journey to Paddington to 1 hour 20 minutes, bringing the city effectively within commuting distance of London and certainly near enough to allow anyone to do a full day's business in the capital and return the same day.

Uncertainties arising from the recession obviously halted this trend. But having had the taste of this influx of new commercial employment, Bristol is anxious to see more, and particularly to dispel any impression that local staff recruitment might prove difficult. One of the leading local agents, Lalonde Brothers and Parham, not long ago went as far as to commission a Bristol staff availability survey in order to establish a precise picture of the local labour situation.

The survey indicated that good-quality clerical staff were not difficult to find providing firms were prepared to offer competitive rates, though there was always a shortage of good shorthand typists even in times of high unemployment. At the same time, one private agency even supplied evidence that the South West was the most popular area in Britain to which people would like to move to work.

Obviously, letting of the presently available office space is going to depend very largely on a recovery in economic confidence generally. But with comparative London rents in the £8 to £15 bracket, Bristol's property men are hopeful that it will not be very long before the flow of new tenants resumes.

In the industrial and warehousing sector, as already mentioned, the market is beginning to look very tight. Space which had stayed empty for two years or more has suddenly been taken up, and the interest of local agents is beginning to focus on pre-letting to clients prepared to commit themselves to a purpose-built unit. At the same time, the tight conditions are expected to encourage some new speculative developments, though after their recent experience developers are bound to move cautiously.

There is no differential in rents as between space for warehousing and light industry. Lettings in Bristol are currently running at between £1.35 and £1.40 a square foot. Avonmouth tends to work out a little cheaper at £1.25 to £1.30 a square foot.

There are two particularly interesting developments in the pipeline. The first is the comprehensive redevelopment of the city docks area as a result of the cessation of commercial shipping activities. The County and City Councils have between them produced a comprehensive local plan for revitalising the whole area, through a mixture of residential, recreational and light industrial and commercial activities, while retaining its unique character. But the proposals are still very much at the consultative stage, and it promises to be some time before developments begin to take shape.

Estate

The second is the development of a large new estate immediately next door to the M5-M4 interchange to the north of the city. The 170-acre site, to be called Hampton Lane, has already been designated by North Avon district council, which proposes developing it in partnership with Laing Development.

Laing was also responsible for the highly successful Patchway estate, further in towards the city, which has developed almost exclusively as a warehousing and distribution centre. Patchway is now virtually full. Hampton Lane promises to attract similar interest—Unilever has reportedly already expressed interest in 2m. cubic feet of space—in what some are describing as one of the prime sites in the country.

At the same time, North Avon is anxious that Hampton Lane should not be all taken up in warehousing. It is planned to devote at least 35 acres to low density office development and the Council also wants to attract some light—more labour intensive—industry in order to improve local employment prospects.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

SINCE its "economic miracle" early 20 years ago, West Germany's banking system has been largely regarded as a model of how a nation's industry can be met. In Britain, where it has often been accused of being too tight to help and fund industrial investment, the German system has taken on an apocryphal reputation, as in some of the evidence submitted to the Wilson Committee.

These generalisations, surprising as they have been, given the banking industry's reputation for conservatism, are based on the day-to-day differences in the way German and British

banks deal with their industrial customers — especially in the provision of loan finance and advice — we will be putting one bank in each country under a microscope in a series of articles over the next few weeks — Commerzbank in Germany, Barclays in Britain.

To choose the two candidates for comparison was an extraordinarily difficult task, because of the disparities between the countries' banking systems. Of the British Big Four, Barclays seemed the most suitable because of its particular emphasis in the past 10 to 15 years on expanding its corporate business, through the complete range of size, from small to extremely large. Barclays also parallels the German banks in its intense efforts to expand overseas corporate business.

The first two articles will investigate some of the main structural differences which influence the two banks' relationship with business; these range from their overall organisation to the way they train their employees to deal with industry. To-day's article is on the Commerzbank; the second will concentrate on Barclays, though both are also comparative.

The third article will compare the impact of these differences on day-to-day banking practice.

Any comparative assessment of the two countries' banking systems, and particularly their role in the service of industry, is fraught with danger. A multitude of factors, many of them often disregarded in the perennial debate

about generalities, influence the practice of the banks.

Most obvious is the German "universal" banking system itself, under which the banks engage in all areas of financial activity, including deposit taking, investment banking and dealing in securities. In recent years British banks — notably the Big Four "clearers" — have moved into merchant and investment banking, thus assuming some claims to "universality." But there is still a major difference in the way that German universal banks act as representatives of shareholders whose deposits of stock they manage. They also hold major stakes in industrial companies in their own right, though they have become increasingly disenchanted with this.

At the same time, critical assessments of banking systems often pay too little attention to their different origins, subsequent developments and inbred attitudes. As banks themselves point out, insufficient consideration is also given to the contrasting attitudes of company managements towards banks.

Among the many other influential factors are the power that different types of financial institutions in both countries, such as insurance companies and building societies, exert in attracting funds; the varied demands made upon banks by legislation; and the historic role of Britain's stock market as a dominant source of long-term equity funds, in contrast to the minor role played by German stock markets. Several of these factors produce a

greater flow of long-term funds to the German "universal" banks than to the British "clearers." All this, in fact, only reinforces national differences in the way banks conduct and plan their business, but also subject them to a process of continual change.

This short series of articles does not pretend to weigh up all these factors, and produce a comprehensive analysis; no single study of Anglo-German banking practice, however lengthy or authoritative, has yet managed this Herculean task. The purpose of the series is to get behind the well-worn clichés and generalisations, and, as an illustration, to examine the practical workings of Barclays and the Commerzbank as they affect the industrialist.



Finding finance for industry: the Anglo-German divide

Nicholas Leslie—in the first of a series of articles—puts Barclays and Commerzbank under the microscope.

COMMERZBANK is the third what are known as three German commercial banks, the category closest to structure to British banks.

Its business consisted of financing the foreign Hamburg merchants, he outset, it has been with business in a y; in many respects a U.K. merchant operation in its early years than the domestic banking network customers which was k of what is now the joint stock banking

of its 108-year history, the business sector has merzbank's most important, and it is only 10 years or so that effort has been put into the private

asons for this are t include the fact ings banks and c have increasingly themselves in corporate thus employing the which they had placed on the be picked up by above all the Big

val of restrictions on es in 1967 and the al removal of tax enjoyed by savings further influencing

recent moves to de activities into the bring its decisioner to the industrial Commerzbank still a large extent from regional head offices rt, Hamburg and each with a series d sub-branches. A in West Berlin is rganised.

national
international side, entered in Frankfurt. een a rapid develop last ten years or so, with representative merzbank now has branches, and s with other banks, being part of the s set-up with nish and French

branches and sub within Germany and range to size from a handful of staff large offices which managed by two or le with particular in such areas as nness, securities and rs, and credits and A similar arrange- ly now being tried k branch level with ommitment by Bar

clays and even there the concept of shared responsibility is not so pronounced (this is explored in the third article).

The Frankfurt head office retains a large measure of direct control over corporate finance activities, although much of the straightforward business in this area is handled directly by the main branches and some of the larger sub-branches; such business includes modest loans for capital investment at home or advice on capital structures. Anything larger or more complicated becomes head office responsibility: examples here are loans for overseas investment, raising of new equity and arranging syndicated loans. Further decentralisation of corporate finance is planned. Syndicated loans and international finance have become increasingly important for Commerzbank in the last ten years.

The corporate finance department is also heavily involved in medium- and long-term lending of funds, which Commerzbank raises by issuing bonds and other securities to the public. This form of bank fund raising is unknown to British banks. On the other hand, when British banks lend term money they are occasionally prepared to allow a ten-year repayment period, whereas at present Commerzbank almost always limits itself to seven years.

German banks are more open to current capital market terms, so that the repayment periods that they can offer can vary from time to time. The Commerzbank is at present limiting itself to seven years having been down to five a few years ago, and up to ten in the early 1970s.

Significantly, corporate banking personnel consider themselves to be an élite within the bank and are recognised as such by their colleagues in other departments; no such distinction is recognised at Barclays. At Commerzbank, it is not felt that this makes merchant banking an awkward fit within the general banking structure, a situation which contrasts sharply with Barclays' experience since the Bank of England decided in — to give clearing and other joint stock banks the all clear to develop merchant bank business.

Another very centralised activity at the Commerzbank is its treasury, which handles foreign exchange and money market transactions, both on behalf of the bank and for clients, particularly corporate customers. These have been developed rapidly over the past ten years and have been partly fashioned on Anglo-American lines. It is perhaps symptomatic of Commerzbank's extreme competitiveness that while admitting to learning from British and

American practice it now reckons it is in some respects at least equal if not ahead of the field and that it is attracting bankers from abroad to study its techniques.

Pushing all of the bank's facilities with an aggression that would have been unheard of ten years ago is the marketing department. Examples of the way it lays the ground for the development of the bank's business services are its appraisals of each branch's economic potential, and its assessments of the financial needs of small and medium-sized companies. It may then tailor special credit programmes for them. The department also monitors the performance of managers and if they are not active in the corporate field, it will want to know why.

Studies are made of local industry structures and approaches will be made to potential customers even if they are with a competing bank. Each branch works within a given credit limit but these can be exceeded in exceptional circumstances, albeit in a roundabout way which spreads with the load across a package, including money from the bank's instalment credit or mortgage bank subsidiaries.

Training

While much of what Commerzbank does, and the structure within which it operates, has parallels with British practice, a noticeable difference exists between the career structures and training of the two. Commerzbank is undeniably more selective in its recruitment, a feature which has attracted wry comment outside the bank about it being "stuffed full of intellectuals." Up to about four years ago, it was prepared to recruit 16-year-olds with the equivalent of "O"-level education, but with the change in the employment situation it primarily takes recruits with a minimum "A"-level standard of education, in contrast with Barclays, which still only stipulates a minimum of four "O"-level passes.

Commerzbank recruits are now usually aged 18 or 19 and begin with an apprenticeship lasting about two years. This will include periods spent learning banking on a day-release basis at special municipal schools (these exist for engineering and many other subjects within what is known as Germany's "dual system" of education). At the end of the apprenticeship the bank can decide whether or not it feels an individual is up to scratch and whether he or she will be taken on permanently.

The best of the apprentices will subsequently be drafted into corporate finance, money markets and exchange dealing. The remainder will move into other areas, such as retail and credit business at local branches, and the better qualified will move on to a series of additional regular training sessions that take place at regional training centres, usually based in hotels. There, apart from broadening their technical knowledge of banking, they will learn about such things as marketing and what approach they should adopt with customers. Each person mainly studies four main areas of banking: corporate finance; export finance; securities dealing; and personal banking.

Although the bank feels that it offers employees a choice of career path, it nonetheless appears that for the large majority who are not the most gifted, the reality is a very limited choice; there is little likelihood of their being able to switch tracks even from personal banking to securities dealing, let alone into corporate finance, or money and exchange dealing.

Commerzbank's commitment to training is exemplified by its new training centre near Frankfurt, which it built two years ago at a cost of DM19m. (£4.75m.). This is used for more advanced training for

people aged about 34 and upwards; the training is done predominantly by relatively senior personnel who will often themselves have undergone a training course in teaching techniques.

For university graduates, the training process is a kind of speeded up version of the general programme, involving a 2 to 2½ year course at a much higher level of instruction. This course is also open to those who come in at an earlier age and are showing particular promise. The emphasis is heavily on corporate finance; the curriculum embraces four months on domestic banking, two months on securities dealings (most training here is done "on the

job"), two months on the technical aspect of export finance and one year on corporate and more general aspects of export finance.

The new training centre is reserved for the brighter and more senior personnel and more than 2,000 of them are likely to attend a one-week course each year—about one in nine of total staff. This perhaps illustrates the intensity of the training drive at Commerzbank. But while the bank feels it pays dividends in terms of the breadth of expertise it has developed, there does seem to be a suggestion that it could run into a promotion bottleneck if it continues at such a pace.

On the other hand, it is also experiencing difficulty in persuading German nationals to take on overseas assignments in sufficient numbers to keep pace with the bank's international expansion.

Overall, Commerzbank paints

a picture of itself as a financial institution which has developed very successfully since the last war and which has gone through some fairly dramatic phases in its evolutionary process—for example, when it went into domestic retail banking in a big way. It has had to develop new skills and techniques to meet the growing and more sophisticated demands of its industrial clients, as well as its private customers, and to do this has drawn upon the strengths of others, particularly British and American.

In financing industry Commerzbank has adopted policies which have made it extremely active across a wide range of facilities. Its general orientation, in comparison with Barclays, certainly favours the industrial customer, but this take on overseas assignments must be set against a background of different political and economic factors, as well as the very basic fact that its origins are completely different.



Commerzbank's Frankfurt head office

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Dead-end kids of Sunderland

BY ANTHONY HARRIS

THE exchange of discourtesies between Mrs. Thatcher and Mr. Callaghan over the Sunderland shipyard workers last week showed both party leaders thoroughly off form. Mrs. Thatcher asked a silly question — not least because the two halves of it, concerned with redundancy pay for Swan Hunter workers, and the fall in real wages were completely unrelated. Mr. Callaghan missed the opportunity for a crushing answer which Sir Harold, for all his faults, would have seized. Her implied criticism of the Government was based on questionable figures and questionable logic.

Maximum

The figures were of minor importance, but the Government would not let its opponents get away with quoting a maximum figure for redundancy pay — only a handful of very long service craftsmen will get £10,000, and the average entitlement under the shipyard scheme is about £2,000. The logic is much more important, but I doubt whether Ministers themselves understand it.

Mrs. Thatcher argued that it was silly to offer large redundancy pay to those who didn't want to work; and the answer is very simply that it is much better to lay off those who want to go than those who want to stay. If that would be rather more obvious that the Sunderland men are helping to fill an embarrassing gap in the Government's shipbuilding policy — the lack of any plan to curtail the reduction in capacity which has been agreed internationally.

I am not of course suggesting that the bolshermakers were acting to a deliberate plan, and going on strike to compel their employers to offer the voluntary redundancy which has been readily accepted in a number of steelworks, and now looks like disarming the Leyland militants at Speke. I am merely suggesting that they were not nearly so stupid or so blind as many commentators made out at the time. It is easy enough to imagine that the strikers did not know that they were putting their jobs at risk when they refused to reach the agreements which would have kept part of the Polish ship order in Sunderland; it is perfectly clear that they didn't care.

Ministers and such an idea hard to grasp, because if you have put a great deal of effort and negotiation into the "triumph" of preserving some jobs temporarily, with the aid of heavy subsidies, it is only human to expect those subsidised

to be grateful. It does not seem to occur to these benefactors that job satisfaction and the dignity of labour are not really very adequately provided by transparent handouts of the kind continued in the Polish contract. Those young enough to entertain some hope for the future, and those old enough to think that early retirement might make sense with a nice lump sum to start it, are right to be less than grateful.

There is, however, a second reason for Ministerial blindness. Those who spend their lives in Whitehall wrestling with the problems of depressed areas soon attain a state of mind in which they cannot believe that anything other happens in such places unless they have personally arranged that it should. Yet even in Sunderland most things that happen are the result of individual decisions and individual enterprise. The jobs "lost" (though in fact they have been gained in Govan, which now stands a slightly better long-term chance of survival) have not been lost for ever. People move, new opportunities arise — and the few who get the full £10,000 may even have ideas for starting businesses of their own. Every recent study shows that in any reasonably buoyant economy, a good percentage of the redundant redeploy themselves much faster than regional trends would suggest.

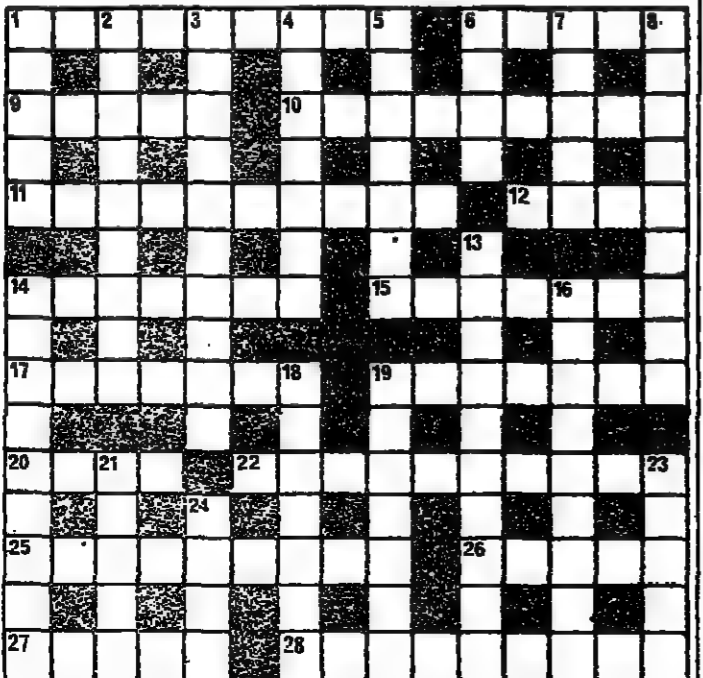
Differentials

This points to the second truth which Labour Ministers find so hard to grasp: the present level of unemployment is not a matter of the level of economic activity. It has quite largely been created by Ministers and Trade Unionists — notably the recently canonised Mr. Jack Jones — who have campaigned so long for the lower differential, and the unemployed is largely an unskilled army, who have been priced out of a job by unions who should have been demanding State handouts — notably the lower differential, and Ministers from Mr. Heath onwards who have mishandled incomes policy. Perhaps it would not, after all, be reasonable to expect Mr. Callaghan to give a straight answer to Mrs. Thatcher, but I fancy the ministers of Sunderland could soon have explained to her why they are so cavalier about their subsidised, dead-end jobs. Preserve jobs for a short time when there's all that money going for leaving? She must be joking.

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8.40-7.55 a.m. Open University.
9.10 For Schools. Colleges. 1.15 Rugby. 2.00 You and Me. 2.14 For Schools. Colleges. 3.30 Pobl Y Cwm. 3.43 Regional News for England except London. 3.55 Play School (as BBC2 11.00 a.m.). 4.20 Wall Gator. 4.25 Jackanory. 4.40 Playhouse. 5.05 John Craven's Newsround. 5.15 Star Turn.
5.40 News.
5.55 Nationwide (London and South-East only).
6.30 Nationwide.

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- ACROSS**
- Contribute to membership fee with writer (9)
 - Thwart peevish hybrid (5)
 - Artificial found in barrel I catalogued (5)
 - Daily grind in source of newsprint (5-4)
 - Term of endearment about a monarch is unreliable (10)
 - Look forwards and backwards (4)
 - Roused prison radical (7)
 - Sediment coming from top side (7)
 - Wife Men state it's necromantic (7)
 - Tsarist leader and his money creating annoyance (7)
 - Left frequently in attic (4)
 - Property seems to embrace marriage certificate (10)
 - Finnish school session in a note (9)
 - "Angry" that is about rodent (5)
 - Chemical can be returned to soldiers or set off (9)
 - Made an appointment outside school and set off (9)
- DOWN**
- Parts put up for a theory (5)
 - Swallowing but being unattractively vile inside (8)
 - Male bird getting at cereal is a monster (10)
 - Suggested little devil gave a false impression (7)
 - Explain about former unit of weight (7)
 - Twist copper right and left (4)
 - Love to donate a pointed arch (5)
 - Chemical to cure favourite solliers or 27 (8)
 - Resistance to work-place (10)
 - Easy to name initially but a fool (8)
 - Absent out could be the occupant (5)
 - Draw fish up on the sheltered side (7)
 - Eastern politician in trial by Shakespeare (7)
 - Original tree on road (5)
 - Lay out for odds-on finish (5)
 - Iron left inside to polish (4)
- Solution to Puzzle No. 3604**
- ACROSS: 1. CONTRIBUTE, 2. THWART, 3. ARTIFICIAL, 4. DAILY, 5. TERM, 6. LOOK, 7. ROUSED, 8. SEDIMENT, 9. WIFE, 10. TSARIST, 11. LEFT, 12. PROPERTY, 13. FINNISH, 14. "ANGRY", 15. CHEMICAL, 16. MADE, 17. PARTS, 18. SWALLOWING, 19. MALE, 20. SUGGESTED, 21. EXPLAIN, 22. TWIST, 23. LOVE, 24. CHEMICAL, 25. RESISTANCE, 26. EASY, 27. ABSENT, 28. DRAW.
- DOWN: 1. CONTRIBUTE, 2. THWART, 3. ARTIFICIAL, 4. DAILY, 5. TERM, 6. LOOK, 7. ROUSED, 8. SEDIMENT, 9. WIFE, 10. TSARIST, 11. LEFT, 12. PROPERTY, 13. FINNISH, 14. "ANGRY", 15. CHEMICAL, 16. MADE, 17. PARTS, 18. SWALLOWING, 19. MALE, 20. SUGGESTED, 21. EXPLAIN, 22. TWIST, 23. LOVE, 24. CHEMICAL, 25. RESISTANCE, 26. EASY, 27. ABSENT, 28. DRAW.

Lesser-known delights of red Graves

TO MANY people Graves in the communes in the vicinity of Bordeaux — Pessac, Talence, Léognan, Martillac and Cadujac. These red Graves differ in style from the classed-growths, and are known to the wine world as "les Graves". This earthy taste must derive from the character of the gravelly soil, for the grape varieties are the same as in the Médoc, except that there tends to be less Cabernet-Sauvignon and more Merlot. Wine styles are notoriously difficult to establish, but the aroma of these red Graves often reminds me of the soil of brick and brick dust, and they do have an earthy flavour.

The two leading growers are certainly Haut-Brion and La Mission-Haut-Brion, and they form a good example of the differences in style of wines grown next to each other, for their vineyards are separated only by the main road to Arcachon. Although both have the true Graves aroma and flavour, Haut-Brion is more elegant, La Mission-Haut-Brion is more robust and a "higher" wine.

Attempts in recent years to set one against the other have really been wide of the mark. If this means marking them relatively, obviously Haut-Brion was admitted to classed-growths and style that made it a first-growth, and in my view it has been making remarkably fine wine in the last 20 years; even a very

acceptable '68, in that disastrous year. But then La Mission-Haut-Brion, run until his death in 1974 by one of the most committed Bordeaux proprietors, Henri Wolmer, also has long made outstanding wine, and if one is looking for off-years, the sign of a grower's skill, then the 55 La Mission is still very long to mature than its more elegant, lighter-seeming though full-bodied neighbour. After the two growths already mentioned, the Pape-Clement, a expert of Bordeaux, Jean big wine with a good deal of Delmas. It was at Haut-Brion tannin, was possibly the best.

WINE

BY EDMUND PENNING-ROWSELL

Of similar quality are the small estates of Domaine de Chevalier and Haut-Bailly, both in Léognan, where six of the classed-growths lie. Chevalier also makes a really fine white Graves, as do Haut-Brion and La Mission-Haut-Brion; the latter in the separate vineyard of Laville-Haut-Brion. Chevalier is a wine much appreciated by claret amateurs, for it has great distinction, but it only produces 40-45 tonnes (100-dozen bottles apiece) of red wine, as against 120-130 tonnes in good years for Haut-Brion and Pape-Clement.

It is not found in Britain as commonly as it should be, and that applies also to its neighbour, Haut-Bailly, though Gibey's (IDV) did a good deal to increase the latter's distribution a few years ago. It tends to be a lighter, but very well-balanced wine, compared with some of the other Graves. It made very fine '66 and '70, and the '75 has a great deal of style.

Another Léognan is historically one of the most celebrated Graves, Carbonnieux. Its white wine is probably better known than its red, which for some time seemed rather undistinguished, but it has certainly improved in recent years, and the '74, no great fear, was excellent when sampled at the "carnegie" chateau. So was the '75, not a big wine and fairly tannic.

Although, in my view, that completes the list of leading wines, the other six of the "north" phrase goes. Best known probably now, owing to American ownership since 1963, is Bouscat, the only Cadujac classed-growths. Also a red-and-white producer, it has improved a good deal in recent years, thanks to replanting and the supervision of M. Delmas of Haut-Brion. But it would not yet put it in the first division. Olivier in Léognan and Smith-Haut-Lafite of Martillac are Médocs, the others are Graves. As, however, they are less well known here, they are often

Rocket can beat Rodman

NO ONE should take it for granted that the season's leading four-year-old, Rodman, is going to be the comfortable winner of this afternoon's Ward Hill Turf Hurdle at Huntingdon, for which he will be at prohibitive odds.

The handsome Uplands colt, a bay son of France's 1963 Derby winner, Reiko, has not run since beating Minstrel in the John Frayne Final Hurdle a few days before Christmas and Fred

which he defeated Bright Fire, in the early part of last season before beating Lily Langtry to the top of the Newmarket Suffolk Handicap. Oriental Rocket, considered forward enough to make a brave attempt at this, his run over hurdles, could represent one each way value at odds of about 7-1. Josh Clifford almost always does well with the runners he sends to Huntingdon from Flinton, Sussex, and it is not surprising to find him with a powerful team in action today. His half dozen—Mister Fantasy, Roadhead, Share Captain, Beige Prince, Modesty Forbids and Monk's Flyer—could produce a treble in Mister Fantasy. Modesty Forbids and Monk's Flyer.

As expected, Fort Devon was all the rage in the Cheltenham ante-post market yesterday.

RACING

BY DOMINIC WIGAN

Winter has been anxious to get a race in him for some time now. If, as seems more than likely, Winter has left a fair bit to work on the possibility of Rodman "blowing up" close home in what seems sure to be yielding conditions cannot be ruled out. For this reason I would not care to take long odds about John Francome's mount, and instead prefer to rely on Oriental Rocket. An extremely smart performer on the flat—and a much better one in that sphere than Rodman—Oriental Rocket was the six-length winner of Ascot's valuable Sandringham Handicap, in

Tugs free grounded oil rig

TWO tugs owned by a Dutch salvage company yesterday pulled the grounded oil rig Orion clear of its barge on rocks off the Guernsey coast. The company acted to save the rig from further storm damage after fears that the barge was

becoming dangerously unstable. The rig was driven on to rocks during a storm while on tow from Rotterdam to Brazil earlier this month. It is now planned to tow the rig to a Continental port for repairs.

Books and antiques bring £56,423 at Sotheby's

SALEROOMS had a quiet day yesterday. At Sotheby's, printed books brought in £23,517. Best prices were the 1890 for the three limited editions of Swinburn, and £720 for a first edition of Dr. John Dee's *Conversations with the Spirits*. An antiques sale brought in £32,906, with top prices of £620 for a South Italian Greek pottery bell crater. A large mason's ironstone dinner service decorated in the oriental style in blue, pink, green and orange with pheasants perched on flowering peony, was bought anonymously for £3,500 at Christie's £55,406 sale of English and continental ceramics. A large composite ironstone

dinner service decorated in the oriental style in blue and gilt, went to a Graham and Oley, in London dealers, for £1,900. It had been sent for sale by the Earl of Stair. Duncan Smith, another London dealer, paid £3,000 for a pair of Paris bleu-du-roi

SALEROOM

ANTHONY THORNCROFT

ground two-handled leg pails, covers and liners. Graham and Oley gave £1,800 for a pair of two-handled silver tureens and covers. Among

Rare sale of stirrup cups

A PRIVATE collection of 38 fox-hound stirrup cups is included in a sale of English and foreign silver on March 18 at Sotheby's. Only rarely does such a large collection appear at auction.

The cups date from 1770—the earliest known examples were made in 1768—and include work by Paul Storr, Hester Bateman, James Phillips, Thomas Wallis, Philip Rundell and Thomas Pitts, who was one of the earliest and most prolific makers of stirrup cups.

The most important lot is a pair of fine William IV silver-gilt stirrup cups by Paul Storr dated 1834. They are 5½ inches high and are expected to fetch £5,000. Another important piece is a George IV silver-gilt stirrup cup by Philip Rundell, 1821, which is expected to fetch about £2,500.

Some of the cups bear inscriptions: one by P. A. and W. Bateman, dated 1803, is inscribed "The neck of Success to Fox and all his Friends round the Wrekin." This inscription is found on many stirrup cups, the earliest being one by Thomas Pitts, 1770.

Another cup is engraved "Mostyn Hunt Races Wone by Mr. John Bawcutt's br f 28 March 1817." Sir Thomas Mostyn was Master of the Eborac Hunt between 1800 and 1829. He presented a large stirrup cup by William Bateman, 1819, to Gentlemen Yeomen of several hunting counties, which bears the inscription to this effect. Sir Thomas, who was a well-known eccentric, also had an eye-glass fixed in his hunting crop which he used as a quizzing glass.

Swedenborg skull
On March 6, the skull of Emanuel Swedenborg, the celebrated Swedish scientist, philosopher and theologian, will be offered for sale by Sotheby's. Swedenborg, whose followers founded the New Jerusalem Church, which still flourishes in Britain, Europe and America, died in 1772 and was buried in the Swedish Church in Princes Square, London.

In 1808 his remains were removed at the request of the Swedish Government and are now displayed in Upsala Cathedral. However, only a few years after his death his grave was opened and his skull stolen, and it is generally known that the skull on view in Upsala is a substitute.

The "English" skull, as the present skull is known, has been subjected to a number of different scientific tests and the latest report, which was published by the Royal Society of Sciences of Upsala in 1960, states "The historical, anatomical, chemical

and physiological investigations concerning the 'English' skull indicate in this direction, that individually, final proofs of identity of this skull with elly conclusive."

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the humanity of Rembrandt

by DENYS SUTTON, Editor of Apollo

Clark's new book, *Rembrandt* (John Calder, £8.95), which is based on a series of television programmes made for the Ashmolean Museum at Oxford, is a most welcome addition to the literature on the artist. It is possible for the first time to have a revision of the master's work and the results of investigation that have taken place in the last few years.

Clark is able to build on the many pleasures of the past, and to present a view of Rembrandt which is clear and stimulating. He is able to show us the artist as a man, and to give us a sense of his humanity. He is able to show us the artist as a man, and to give us a sense of his humanity. He is able to show us the artist as a man, and to give us a sense of his humanity.



Rembrandt's self-portrait

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Clark is interesting about the artist's finances. He observes that Rembrandt seems to have been on a constant financial struggle. He was, however, badly treated by his union, the Guild of St. Luke, which brought in a special clause that "any member who had been sold up could under no circumstances be allowed to carry on a trade." Fortunately, Hendrickje Stoffels, who had an angelic disposition, and his sons sold all his possessions, formed a company and gave Rembrandt free board and lodging.

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Festival Hall Gil Evans by KEVIN HENRIQUES

Canadian-born composer/arranger/producer Gil Evans has become a legend in jazz, first for his work with the Claude Thornhill band in the 1940s, then later, and more illustriously, for his LP collaborations with trumpeter Miles Davis. Since his last album with Davis more than ten years ago, Evans recorded no more music, but he has not been idle. He has produced a number of recordings, and he has been working on a new album, *Swire*, which is now being recorded.

Elizabeth Hall Pia de' Tolomei Last year brought some

Last year brought some disappointment—first the Camden Festival's production of *Il castello di Ronsard*, which introduced to us an almost unrelievedly dull work, and then the Covent Garden revival of *Maria Stuarda*, very dully performed. But the current opera, *Pia de' Tolomei*, is a different matter. It is a work of great beauty and distinction, and it is in the high level of invention sustained for long stretches.

ENTERTAINMENT GUIDE

DRURY LANE , 01-336 8100, Every Night 8.00. <i>MAJESTY</i> and <i>THE SINGERS</i> . A new production by the company. <i>MAJESTY</i> is a new production by the company. <i>THE SINGERS</i> is a new production by the company.	OLD VICTORY , 01-336 8100, Every Night 8.00. <i>MAJESTY</i> and <i>THE SINGERS</i> . A new production by the company. <i>MAJESTY</i> is a new production by the company. <i>THE SINGERS</i> is a new production by the company.	TALK OF THE TOWN , 01-336 8100, Every Night 8.00. <i>MAJESTY</i> and <i>THE SINGERS</i> . A new production by the company. <i>MAJESTY</i> is a new production by the company. <i>THE SINGERS</i> is a new production by the company.
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and antiquities at Sotheby's

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The Maid of Orleans

by ELIZABETH FORBES

Clark's new book, *Rembrandt* (John Calder, £8.95), which is based on a series of television programmes made for the Ashmolean Museum at Oxford, is a most welcome addition to the literature on the artist. It is possible for the first time to have a revision of the master's work and the results of investigation that have taken place in the last few years.

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Festival Hall Beethoven's Ninth by DAVID MURRAY

Beethoven's "Choral" Symphony is not a work that anybody wants to hear experimented with, daringly experimental though the music is. A merely routine performance, on the other hand, constitutes another kind of offence. Ripe mastery on the podium is the best guarantee of the Ninth, which will answer the peculiar sharp expectations it arouses. Eusebius Jochum, the London Symphony's conductor, Laureate of the bill admirably, and on Sunday night there was a full house to welcome him.

Elizabeth Hall Louis Halsey Singers

The popularity of a couple of Purcell's important Odes has caused the others to be unfairly neglected: it was good to have *Lore's goddess* sung by the London Halsey Singers. The Ode, as the major work in Louis Halsey's concert on Saturday evening, was a most welcome addition to the repertoire of the choir. The Ode, as the major work in Louis Halsey's concert on Saturday evening, was a most welcome addition to the repertoire of the choir.

Deep Throat ANTHONY THORNCROFT

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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

Telegrams: Finantime, London PS4. Telex: 886341/2, 883897

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Tuesday February 28 1978

Concession on debt

DEVELOPING NATIONS have regularly voiced demands for a cancellation or rescheduling of their debts since their current accounts plunged deeply into the red in 1974 under the double blow of the increase in oil prices and the world recession. The West's response has been unsympathetic. The majority view among industrialised nations has been to consider requests for relief on a case by case basis but to cold-shoulder any suggestion of a whole-scale cancellation. It is thus something of a surprise that British Ministers are now looking at a proposal put up within Whitehall for reducing the payments on principal and interest on past loans to the poorest nations as an extension of the aid programme.

A rough ride

Much of the pressure for this has undoubtedly come from the example of the Swedes, the Dutch, the Swiss, and the Canadians who last year decided to write off some of their official loans to the least developed. But other Western governments are now thinking along the same lines. The policy is a good one. The questions come over the timing of such a move and which of the poorest should benefit from it.

The reason for welcoming the policy is that over the next two years the developing nations are in for a rough ride that could provoke another nasty clash with the West of the type that initiated the so far fruitless North/South dialogue. Developing nation current account deficits are likely to widen further with the slow-down in the Western economies and the reduced demand for commodities and raw materials. Exports of manufactured products are likely to be hit by the upsurge of protectionism. The service of debt incurred after the 1974 crisis will reach a peak. The richer developing nations will pull through largely on the back of further borrowing. For the poorer, without access to the commercial markets, it will be a squeeze.

The cost to Britain of waiving

payment on principal and interest from nations with an income per head of under \$250 is about \$55m. a year. This is the equivalent of about one-eighth of the bilateral overseas aid budget. Most of it would be offset by a reduction in flows to richer developing countries, thus implying a minimal increase in public expenditure. Much of the debt would have had to be rescheduled anyway because countries like Pakistan do not at the moment have the capacity to make the payments. The impact of such relief measures on the international credit structure—more alarmist bankers fear that it could trigger off a chain reaction of default—would in practice be marginal.

Even within the band of countries with an income per head of under \$250, care would be needed in selecting which were eligible for relief. It would be silly to waive debt from an oil producer like Indonesia as it would be morally wrong to make such concessions to Uganda under President Amin. The main disadvantage of using such a measure as a form of aid is that it benefits most, and in an arbitrary fashion, nations like India which have run up the largest obligations in the past. But it has the merit of being a quick and inexpensive means of easing the balance of payments problems of those nations most likely to feel the pinch of a shortage of foreign exchange. It is also the type of gesture that could help deflect the orchestration of demands over commodity price stabilisation or the restructuring of international institutions such as the IMF where the West is less ready for concessions.

A unilateral move by Britain at next week's UNCTAD ministerial meeting in Geneva would be premature, however, and disruptive of the unity of the West over parallel North/South issues. It is also worth trying to involve the OPEC states in such a relief operation. The right timing could well be in the run up to the UNCTAD V conference in Manila next year which will be the occasion for a full review of the progress in the North/South dialogue.

The dollar still unsettled

THE U.S. dollar, which has continued to drift steadily lower recently, despite the decision taken at the beginning of the year to support its rate in the foreign exchange markets, has recovered a little ground in the past couple of days. This is almost entirely due to action taken by the Swiss authorities to discourage further the heavy inflow of funds from abroad. On Friday they cut interest rates and extended the scope of the negative interest rate levied on foreign deposits. Yesterday they introduced measures designed to prevent foreigners from investing in Swiss securities.

But measures of this sort, though they may conceivably make it easier for the Swiss to manage their own economy, are unlikely by themselves to have a lasting effect on the climate of opinion about the dollar. Indeed, they seem to have been introduced partly to discourage a move into Swiss francs not out of dollars but out of French francs, ahead of the coming elections. The continued weakness of the dollar during the past few weeks has been attributed to a number of factors, including the U.S. coal strike and a delay in the change of leadership (which itself, when first announced, caused some disquiet) at the Federal Reserve. But the more fundamental factors remain what they have been since the Carter Administration took over.

Oil imports

Two of these, in particular, have been particularly influential. The first is uncertainty about the Administration's foreign exchange policy. Its decision to intervene in the markets helped for a short time to mitigate the damage caused by the idea of benign neglect. But it is far from clear that such intervention is intended to do more than smooth out unusually violent fluctuations in the markets. Certainly Administration officials are no longer seeking actively to talk the exchange rate down; but they would not deny that, under a system of floating exchange rates, a country in heavy balance of payments deficit can expect to see its rate fall and

hope to gain some trading advantage thereby.

This uncertainty about U.S. exchange rate policy is, of course, strongly coloured by the running and public dispute between the Administration and the governments of surplus countries, like Japan and Germany. The dispute between the U.S. and German Governments has been particularly bitter and fruitless. Though there is probably something to be said for both points of view—the relatively fast U.S. rate of growth is helping to support the world economy and the Germans have already taken such steps to reflate their own economy as they consider compatible with keeping inflation under control—there is no advantage for anyone in open acrimony. The fact that the U.S. has made so little progress on this front has not helped the reputation of the Administration or confidence in the dollar. Perhaps yesterday's OECD meeting will help to bring about a change of approach.

Investments

The other factor which tends to upset confidence, inside as well as outside the U.S., is the medium-term economic prospect. There are two separate facets which are relevant. The first is the heavy balance of payments deficit which the U.S. is running and which may well increase this year. It may be said that this is a necessary and worthwhile price to pay for a relatively fast rate of growth, but a large part of it is due simply to failure to contain oil imports. Congressional action on energy-saving, even if it were to have little immediate effect, would do much for the dollar. The other facet is that, partly because of doubts over future profitability, the capital investment needed to sustain the present rate of growth may not—despite yesterday's survey—be forthcoming. As Mr. Norman Robertson summed it up at a world banking conference yesterday, the outlook for 1978 may look reasonably good but 1979-80 may well be a different story. Caught between uneasiness about the present trade deficit and about a future downturn in business activity, the dollar is in an unhappy position.

Old systems under siege at the Stock Exchange

BY NICHOLAS COLCHESTER

A REMARKABLE pressure is building up to change the way in which London's Stock Exchange provides a market for securities. The credibility of the old system is now in question. The Monopolies Commission will shortly publish a scrutiny of the jobbing business. The Office of Fair Trading is committed to examine the Exchange's restrictive practices. Including its fixed commissions. The internationalisation of the securities markets is making it difficult for the Exchange to preserve its different way of doing things. And from Wall Street comes an infectious atmosphere of upheaval.

These pressures have already had some effect. It is notable how widespread, in the City, talk of the end of the old system has already become. There is an almost fatalistic belief that the days of stock jobbing and fixed commissions are numbered. The Exchange itself is defensively stressing its flexibility. A committee of senior partners of its member firms is arguing about the future in wide-ranging terms. Above all, the membership is increasingly trading securities in ways that make the exchange floor and the present trading principles look irrelevant.

Competing jobbers

The essence of the present system of trading lies in the twin principles of "single capacity" and "competing market makers." The first establishes that members of the Stock Exchange act either as market-makers—jobbers—in specific securities, or as agents approaching those market-makers on behalf of the investing public. They do not do both. This minimises the chance that an investor places an order with a broker having a vested interest in the price of his security. The second principle is that there should be competing jobbers for each security, otherwise the investor is merely exposed to vested interest at one remove.

These principles evolved in the second half of the last century. The imminent Monopolies Commission report on the planned merger of Smith Brothers and Biscoed Bishop, two major jobbing firms, will mark the centenary of a Royal Commission that studied the Stock Exchange in 1878. This Commission found that the jobbing system provided a satisfactory market in securities so long as turnover in them was sufficient. But it also found that the distinction between jobbers and brokers was blurred—especially in the market for foreign securities.

Despite repeated attempts to make the division between the two functions a firm one, it was not until 1908 that the

principle of single capacity was formally made part of the Stock Exchange rules. The nub of the matter was that single capacity was impossible to uphold unless commission rates for brokers were fixed. An Exchange Committee reported sadly in 1911: "It is impossible fully to enforce the rule restraining the dealer from trading with a non-member if he is able to employ a broker at nominal remuneration to pass his bargain through." In 1912 fixed commissions were introduced—on the basis of a narrow majority—and have remained inextricably bound up with single capacity ever since.

The most damaging question hovering over the jobber-broker system is the simple one of its viability. A combination of exchange controls, the rise of the investing institutions, and the increasing cost of financing market positions has made the business of pure market-making in British securities much less attractive. Stock jobbing has long been a declining profession. Whereas in the 1920s, Stock Exchange membership was equally divided between brokers and jobbers, to-day only 12 per cent of the membership belong to jobbing firms. As the number of competing market-makers has been eroded and the value of the broker's function as an independent agent has therefore decreased.

The more unsatisfactory market on the exchange floor, the more the broker can attract clients by looking for a market away from it. This is what is happening in London to-day. A growing proportion of stock exchange business is being transacted by "put-throughs," where brokers bring together institutional buyers and sellers themselves. In specialised sectors of the market—investment trusts, for instance—the put-through probably accounts for two-thirds of trading volume.

The letter of the Exchange rule book is upheld by informing the jobbers of put-throughs and by paying them money to make the appropriate riskless entries in their books. But the spirit of the rules is stretched. Brokers often act as principals in such dealing—by committing themselves to buy stock before they have found a buyer, for instance. If, at the end of an account, they are left with a block of stock on their hands, skilful backroom manoeuvres must be paid.

In short, brokers are already approaching "dual capacity" in such trading. They are making profit through a combination of broker's commission and dealer's "turn."

The second factor undermining the jobbing system is the contrast with international security markets, where secondary trading tends to take place between broker-dealers

with or without exchange floors. British jobbers and brokers want to compete on an equal footing in these markets, and equally, foreign broker-dealers want to trade in their own way in that select group of British securities that are attractive to the international investor.

There are London brokers who feel that the London Stock Exchange has deprived its membership of international

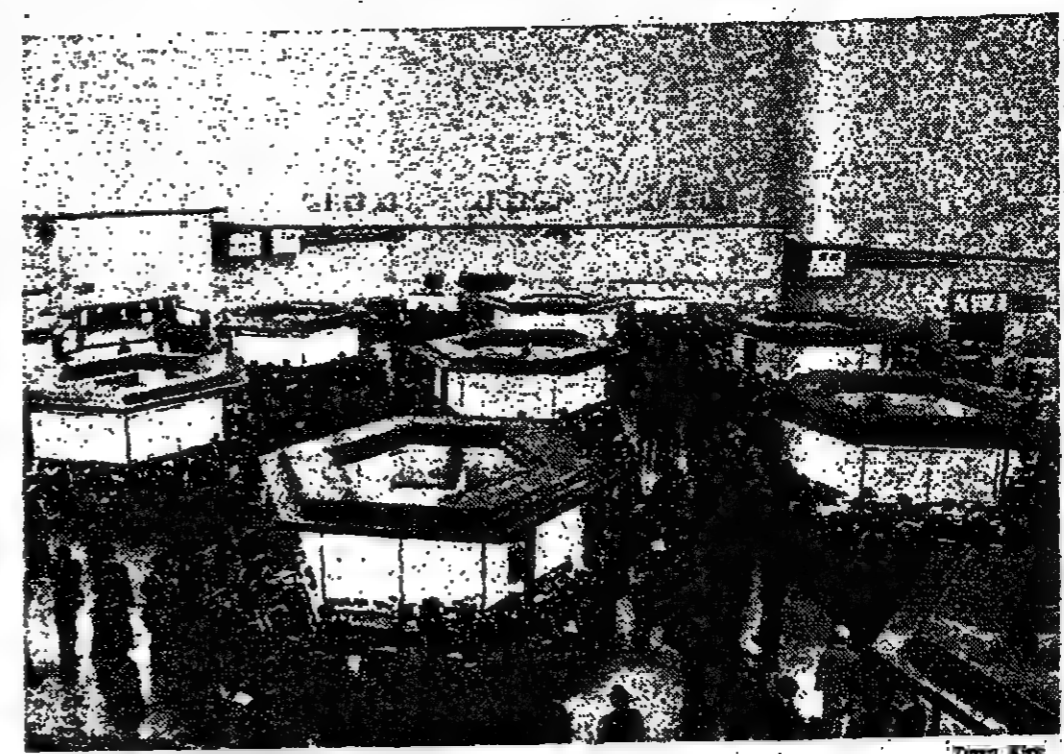
new effectively acting as broker-dealers, working through correspondents in foreign financial centres and therefore by-passing the British brokers who should in theory act as agents for them. Brokers claim that the same is happening in internationally accepted stocks like BP.

British Government bonds are another example of a universally acceptable security which

secondary markets for securities. From the middle 1960s when the Wall Street broking industry luxuriated in a combination of fixed commissions and an institutional cult for equities, the Securities and Exchange Commission campaigned constantly against the "club." It wanted to remove the broking industry's right to fix commissions. It sought to create a national market for

Government's interest in the workings of Wall Street spilled over into the relevant parts of Whitehall. Just as the Office of Fair Trading and the Monopolies Commission have followed Washington's lead in probing the securities trading "club," so the training has swept through Wall Street and the SEC's second thoughts, to discourage the British security ties from ordering a similar change.

The Stock Exchange membership has in any case been at a level that prompts few complaints from institutional investors and at which services for the small investor are already mildly subsidised. At the same time, the current price scale leaves the London stockbroker firm hungry enough to change its ways. It has turned its dining room into a block-trading room. It is trying to sell the output of its research department to industry and for cash, instead of to investors for commissions. It is moving back into the business of corporate finance which it surrendered to the merchant banks in the 21 years of the 1950s and 1960s.



An active day on the London Stock Exchange floor; but there is widespread belief that the days of stock jobbing and fixed commissions are numbered.

business in its attempt to preserve single capacity. They cite the Eurobond secondary market as an example of a lost opportunity.

Foreign lack of interest

They can find a limited historical justification for saying this. The growth of the Stock Exchange in the second half of the last century, before single capacity was fully established, was due in large measure to its rise as a trading centre for international bonds. But it is difficult to believe that Stock Exchange restrictions have been place by way of put-throughs.

So far, pressure from the Bank of England has contained the centrifugal tendencies in the gilt market. The Government Broker's ability to regulate the gilt market would be threatened by a free-for-all. This great vested interest in the status quo makes the future of the gilts market a key consideration in the top level discussions of the future of the Stock Exchange's trading system.

A third factor, challenging the present system is the American precedent for Government intervention in the

could lead the single capacity securities, rather than one dominated by the New York Stock Exchange.

Negotiated commission rates were introduced in New York on May Day 1975 and, with devastating effect. Coinciding with a general disillusionment with a security investment, the move led to a price war and a spate of mergers and shutdowns in the broking business. Only now, after three years, are major investment banks making their first tentative attempts to stabilise commissions.

In its second aim, the creation of a national securities market, the SEC's campaign has faltered. The rule that attempts to preserve the main market in U.S. shares for the New York Stock Exchange is "rule 390." The SEC was set to abolish this rule but has now given it a reprieve. A little taken aback perhaps by what it had achieved already, it decided not to undermine the present market system on Wall Street without having a clear idea of what should emerge from the rubble. This is a summary of events that are of significance to the London Stock Exchange. Mr. Robert Fell, the chief executive of the Stock Exchange, recently travelled to the U.S. to see the consequences. He shares a widespread feeling that the U.S.

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Soundproof wall

For the moment, it is the economic pressure, rather than any Government edict, that is forcing the pace of change on the stock exchange. By all accounts, tough debate is taking place in the senior partners committee. There is still resistance to the idea of "double capacity" which is really dual-capacity with a soundproof wall between the broker part of the business and the market-making part.

The arguments against such a change are strong. The American experience has shown how one stock trading cartel can be abolished only to give way to the threat of another. A small circle of market-making investment banks. It has shown that fully negotiated commissions put prices up—not down—for the small investor. And change would also be a threat to the probity of the London Stock market, for the Exchange's restrictive practices are closely bound up with its powers of self-regulation.

Yet these arguments can only act as sea-anchors on developments. The one unanswerable argument for change is the trading system is that they are effectively taking place already.

MEN AND MATTERS

Didcot debate: over to Evans

WHEN secretary-general Jack Jones clears out his desk at Transport House, and hands over any bits of unfinished business to successor Moss Evans, it is a fair guess that he will be glad to see the last of the Didcot dossier. It has just cost him a stiff rebuff from Sir Michael Swann, BBC chairman, and caused a tetchy series of exchanges with NUR secretary-general Sidney Weighell—whom the luckless Evans will have to carry on with.

This column first wrote three months ago about the pressures exerted on private companies by some officials of the Transport and General Workers Union to force the closure of the Didcot rail distribution centre. The officials, mainly Southampton docks' shop stewards and organisers of lorry drivers, have succeeded superbly (by their own standards): the centre has just been reduced in size by 95 per cent. They have also brushed aside protests from the National Union of Railwaymen, who rightly see the "fixing of Didcot" as bad for them.

It must be riling for Jones that the BBC has totally rejected his demands for "a full public retraction" of a Tonight programme that laid bare the whole Didcot story. This comes hard on the heels of his Festival Hall farewell at which Premier Jim Callaghan praised his efforts in sustaining the Government "almost miraculously." I was told yesterday by the BBC that since the programme was screened, railwaymen have rung up saying that



"To be spent on Starksy and Hatch, I suppose!"

"I and G pressure tactics" of the Didcot variety are going on elsewhere. Several calls came from South Wales. "We get the impression that Didcot is just the tip of an iceberg," says Roger Bolton, deputy editor of Tonight.

Over at the NUR they say they are still awaiting a response from Jones to their latest request for his explanation. All he has done so far is to give Sid Weighell a copy of the TGWU transport policy. "That does not satisfy us," the NUR assured me. "We want to know sure what happened at Didcot is not repeated. You can be sure we'll be asking Moss Evans."

Eastern magic

A swift rejoinder to my suggestion that more American bankers may start deserting the City comes from the Rainier National Bank. It says it has just celebrated ten years in the square mile—and has no thoughts of leaving it. "Many

U.S. banks still think the City is the best place to conduct their business," says manager George L. Ellis.

Rainier is just about to move, but only to new premises in Moorgate; indeed, it will take over those being vacated by the United California Bank, which as I disclosed was lured by lower rates into bigger and more lavish quarters in WC2. But then, Rainier may be the least likely to "go West," except for London, all its 12 branches outside the U.S. are in the Far East.

Wynne's win

Economists often feel maligned when financiers and politicians say it is easy to throw out theories; one who tries to refute the "more words than deeds" accusation is Wynne Godley, the former Treasury adviser now at the Department of Applied Economics in Cambridge. Godley is perhaps best known for the often controversial and Cassandra-like views in the publications of the Cambridge Economic Policy Group, which he edits. But this week, Godley has gone into print with a jubilant account of how he has made some real money—so real that it is in yen. He ends his contribution to the Vickers da Costa survey on the British economy like this: "I should finally like to report that my speculation on the yen in combination with an investment in Japanese oil shares (reported in my note of last August) went like a bomb; I got out with a profit five times my stake money." There should be some high living in the Fens just now.

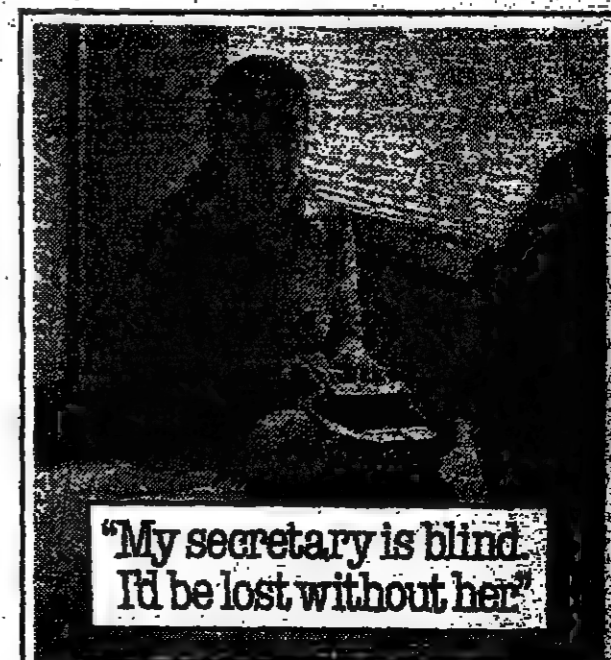
Flue view

If you are lacking a flue, David Tench is worried for you. Tench, a lawyer who chairs the Domestic Coal Consumers Council (DCCC), has just launched a nationwide survey to find out how many houses in the land have been built without a chimney. Intrigued to learn more, I questioned him on the purpose—the survey is being mounted with taxpayers' money. "Simple," he says. "The past five years have shown how dramatically energy costs can change. We think that it is a risky policy to build a house without a flue—houses last 70 years or more and we may all have to turn to solid fuels long before that. Britain should keep its options open."

Tench reckons that if you want to insert a chimney in an average house to-day, it will cost you upwards of £500. He also told me that the DCCC was created in 1946, when the coal industry was nationalised; but has not been too active until lately. "We think we are in a growth scene now," he says blithely.

Measured words

A French visitor whose weight has increased rather noticeably since he was last here in 1975, tells me that the Savile Row tailor who made a suit for him then and is making another one now displayed exemplary tact during a fitting last week. "You will see, sir," he said, "that on this occasion I have given you just a suggestion of waist at the back, but none at all in the front."



Sandy takes down her boss's dictation accurately, then types it out from her brain's shorthand. Good speeds, good page layout.

Sandy says there's nothing special about that—and she's right. The fact that she's blind makes very little difference to her efficiency. Sandy got her job on ability. And her ability won her promotion to personal secretary in an important Post Office department. That's the point: The RNIB-trained Sandy at the Commercial College, and any firm that employs a qualified blind person will benefit from the demanding and professional training that we at the RNIB provide.

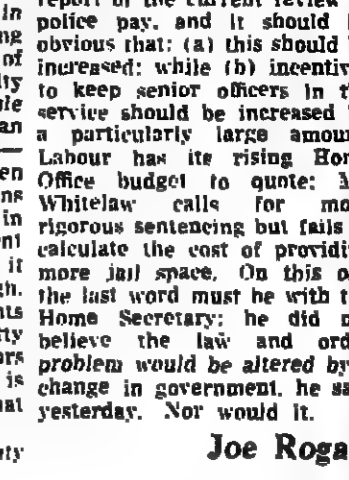
If you happen to be an employer, think over. We'll be pleased to hear from you. Over and above that, the RNIB needs your help, through legacies and donations, to enable us to train others like Sandy.

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Under the Finance Act 1975, donations to charities are exempt from Capital Gains Tax. Registered in accordance with the National Assistance Act 1948.

Leader of the Conservative Party, Mr. William Whitelaw in the Commons yesterday, said: "The way of thinking of the Tory Government is to reorganise juvenile courts, uphold standards in our schools and encourage voluntary organisations for boys and girls. Fine. But does that do anything for minority groups in city centres? Does it affect the laxer attitudes of modern parents of all classes? The answer should be produced tomorrow to the first question: democratic politician can cope with the second.

I do not blame Mr. Whitelaw for failing to have impossible answers to such unfortunatish questions: the fault lies in giving the impression that the Conservatives have a monopoly of hard-nosed "solutions" to an easily quantifiable "law and order problem." The Hon. Secretary of State, Mr. Arthur Young, was flowering just before yesterday; he was suspected to be taking (and so I) but could not say what to do about it.

Both parties are awaiting the



Bricks and cement products (January).

COMPANY RESULTS
Imperial Metal Industries (year). National Westminster Bank (full year).

COMPANY MEETINGS
Barliffe (S. and W.). Town Hotel, E. 12. Manchester Ship Canal Co., Free Trade Hall, Manchester, 12.

OPERA
Royal Opera production Madame Butterfly, Covent Garden, W.C. 2, 7.30 p.m.
English National Opera performance Tosca, Coliseum Theatre, W.C. 2, 7.30 p.m.

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ay.

The illustration is divided into two horizontal sections. The top section shows a steam locomotive pulling a passenger car, moving from left to right on a track. The locomotive has a large smokestack emitting a plume of smoke. The bottom section shows a small boat with a single figure inside, navigating through a turbulent sea with large, stylized waves. The entire illustration is rendered in a simple, graphic style with bold lines and stippling for shading.



National Trust
London, Fiesgrove
er and Glasgow. Reservations 01-9951344.

buildings in and around Whitehall and proposed new buildings at Westminster Hospital and other sites.

SPECIAL STATISTICS
Bricks and cement production (January).

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QANTAS
THE AUSTRALIAN AIRLINE

Competition in accounting

From Mr. E. Wright
Sir—Michael Lafferty (February 22) writes that sensible managing partners compile lists of possible future clients, and partners and staff are encouraged to bring in the best possible source to bring in new business. He concludes that the business of running a big accounting firm is far more professional than it used to be. More commercial, perhaps. More professional, certainly not.
K. Kenneth Wright.
Old Orchard, Sevenoaks Road,
Ighiteam, Sevenoaks, Kent.

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Asylum Court cases in
Asylum Court Cases 1923-1924, London W.

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ISSUE NEWS

L. Ryan to seek early relisting

The directors of L. Ryan Holdings will make an early application to the London Stock Exchange for a re-quotation of the group's Ordinary shares.

The Cardiff-based coal recovery plant hire, engineering and transport group—emerged from receivership on December 9, 1977.

As a result of this and of resolutions passed at the EGM on November 2, a number of developments have taken place.

The resignations became effective of seven directors: Mr. L. Ryan, Sir Richard Brooke, Sir William Crawshaw, Mr. E. G. Evans, Mr. J. Ryan and Mr. S. E. Taylor.

Mr. G. M. Metcalf was appointed chairman, Mr. J. Bowen as managing director and Mr. G. Tomkins as technical director.

Mr. S. E. Taylor resigned as secretary and Mr. D. Wynne as appointed in his place.

The Welsh Development Agency (WDA) has subscribed 8,200,000 Ordinary shares in the group at 6p per 5p share. The agency has also provided a medium-term loan of \$500,000 and Mr. A. B. Fowles has been appointed a director.

Mr. J. Bowen has also been appointed a director.

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Ordinary shares at 6p per share in accordance with the resolution passed on November 2.

Interest warrants have been despatched to holders of 81 per cent. Unsecured Loan Stock payment of three years' interest of interest to September 30, 1977.

It is hoped the group's accounts for the period to December 31, 1977, will be forwarded to new shareholders in March 1978. The next meeting is convened for April.

MILBURY RIGHTS

Saint Piran's subsidiary, Milbury, has announced a one-for-four rights issue to raise about £250,000. This will be spent on buying further prime sites to add to the land bank.

Saint Piran will be taking up its full entitlement to the new shares.

Production at Saint Piran's South Crofty mine is increasing and the directors yesterday announced that the profit for the year to March 31, 1978, would be considerably exceeded.

Saint Piran's prospecting subsidiary in Cornwall has been given permission by the planning authorities to start mining at the Wollaton mine, a Castle-an-Dinas.

Midland Bank statistics

Statistics compiled by the GLC, which raised £40m last March with an issue of 13 per cent. seven-year stock.

The Midland Bank Review shows that the bank's capital issues in the U.K. last year at £150m, which was higher than the £100m in 1976 and £27m in 1975.

Although the latest figure is only three-quarters of the 1975 peak of £190m, the 1977 total is the second highest amount recorded.

However, the composition of the 1977 results show significant changes.

The amount of money raised by companies declined for the second year running. At £247.3m, companies raised £24m less than in 1976 and £61.1m below the 1975 peak.

Public bodies—the main element being local authorities—raised a record amount of new money in 1977. At £55.5m, the figure is more than a quarter over the previous year. In 1976 and 1975, public bodies could have raised £50m and £40m respectively.

The decrease in the amount of new money raised by companies in 1977 was not reflected in the actual number of issues. These figures remained similar. Last year there were 173 issues (including 130 rights) compared with 168 (130 rights) in 1976.

Peak £0.39m. for Charles Baynes

Pre-tax profit of backwash blades makers Charles Baynes was lifted from £238,284 to a record £385,584 in the December 31, 1977 year.

Turnover of £1.84m, against £1.54m, included exports of £1.04m, or 56 per cent. of sales.

The directors are proposing a four-for-one scrip issue.

The full year result is a subject for speculation.

At £27, leaving net profit at £258,556 (£214,655). Earnings per share are given at 28.5p (£18.35p).

The final dividend of 2.1p against 1.5p takes the total to 3.35p, net the latest stock issue was made (3p).

Romney Trust Limited

Year ended 31st December	1977	1976
Value of assets	£40,425,624	£39,637,890
Gross revenue	£2,038,752	£1,870,059
Per 25p stock unit:		
Net asset value	117.0p	112.8p
Earnings	2.90p	2.42p
Dividend	2.65p	2.35p

The Chairman, Mr. S. G. Brooksbank, F.C.A., comments:

In terms of income available for the ordinary stockholders, the increase of just under 20 per cent. is reasonable. On the capital side the result is disappointing.

The cause is simple to pinpoint: it is the substantial proportion of investments held overseas. The factors which have, in the last few years operated to the advantage of the ordinary stockholder have all declined in 1977. It remains the Board's policy to maintain investments in North America since, on an examination of fundamental investment criteria, the outlook for the American stock market and the economy of that country appears superior to that of the U.K.

In the light of the income position the Board has justified in recommending a final dividend of 1.85p making a total for the year of 2.65p which represents an increase of 12.77 per cent. over last year's total dividend of 2.35p.

Copies of the Report and Accounts are available from the Secretary, Lazard Brothers & Co. Limited, 21 Moorfields, London EC2P 2HT.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Charles Baynes	2.1	Apr. 7	0.99	3.09	1.82
Campani	2.1	May 17	4.32	6.42	6.91
Commercial Union	5.08	Apr. 19	0.50*	5.58	5.1*
Robert M. Douglas	0.68	May 16	0.64	1.32	1.32
Dividends shown pence per share net except where otherwise stated.					
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.					

Little change for Robt. Douglas

WITH TURNOVER cut from £37.97m to £32.62m, pre-tax profits of Robert M. Douglas Holdings, civil engineering, building and contracting group, declined from £1.48m to £1.45m in the six months to September 30, 1977.

Mr. J. R. T. Douglas, chairman, says the figures reflect the effects of the U.K. Government's expenditure on national infrastructure, and increasing competition in the Middle East, partly from Far Eastern countries. But it is anticipated that the current year will have a satisfactory outcome.

Profit for all last year was a record £3.2m. Half-time results include associate company results only to the extent of dividends received.

He says the value of the forward work load has also been affected adversely by the difficult economic circumstances. The company is in the specialist contracting division, however, have maintained the overall level of their activity.

Manganese Bronze up so far

PRE-TAX profit of Manganese Bronze Holdings rose from £9.92m to £11.4m for the six months to January 31, 1978 on turnover ahead at £15m, against £14.94m. Profit for the 1976-77 year rose from £12.3m to a record £2.63m.

The directors state that the second half may not produce the customary proportionate advance but, given stable conditions, results should be comparable to the latter half of last year.

The better result for the six months can mainly be attributed to an increase in interest from £0.41m to £0.25m, directors say, and trading profit was hindered by industrial relations problems—disputes at two factories seem now to have been resolved, they add.

Demand and performance at all units was satisfactory, particularly in the sintered metals group of companies, and the results may be considered up to expectations, the directors say. But, a weakening demand can be detected in certain areas, they add.

Norton Villiers Triumph has not yet been able to report that the funds collected by the receivers and liquidators can be used to discharge its obligations to bankers. Until this repayment is achieved the directors say they cannot usefully reconsider the need to maintain all the provision made against the investment.

Directors say that extraordinary items, to be determined at the year-end, will include the amount of £288,120 being the dividend arrears on Norton Villiers Triumph C Preference shares, received on October 31, 1977.

Standard Life lifts pension bonuses

One of the leading U.K. pension companies, Standard Life Assurance Company, has announced increased bonus rates for 1977 in respect of certain of its pension contracts.

On its money purchase schemes—Stanplan M and Stanplan M2—used for topping-up arrangements, the rate is lifted to £2.25 per cent. of the sum assured or accrued pension benefits plus attaching bonuses from £5 per cent. previously.

RESULTS AND ACCOUNTS IN BRIEF

ASSOCIATED FISHERIES—Results for 1977, reported on February 23 in full preliminary statement, show a 10 per cent. increase in turnover to £18.3m, against £16.7m in 1976. Net profit is £1.7m, against £1.5m in 1976. The company is proposing a four-for-one scrip issue.

AUSTRALIAN AND INTERNATIONAL TRUST—Net revenue for the year ended January 31, 1978, £10,800 (£7,740) after nil and £7.74m. Net profit is £1.7m, against £1.5m in 1976. The company is proposing a four-for-one scrip issue.

BURMA MINES—Gross income for 1977, £25,441 (£18,641). Net income £2,701 (£1,494) after tax credits £1,731 (£4,378). Earnings per share £0.10p (£0.10p) per 17p share. No dividend (same).

CARRINGTON INVESTMENTS—Net pre-tax profit £2,000 (£2,000) for 1977, against £2,000 (£2,000) for 1976. Net profit £1,000 (£1,000). Net asset value per share £1.00p (£1.00p).

CITY AND FOREIGN INVESTMENT COMPANY—No dividend (same) for 1977. Revenue £11,122 (£10,545) after nil and £11,122 (£10,545). Net profit £1,000 (£1,000). Net asset value per share £1.00p (£1.00p).

CLAYTON INVESTMENT TRUST—Results for 1977, already reported. Value of investments in U.K. £10,140 (£9,900). Outside U.K. £2,077 (£1,680). Unlisted £2,077 (£1,680). Meetings, S. Crosby Square, E.C.4 on March 15 at 12.30.

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ESSEX WATER COMPANY—Pre-tax surplus for 1977, £2.25 (£2.25m), balanced against £2.25 (£2.25m). Earnings per share £0.25p (£0.25p). Net profit £1.00p (£1.00p). Net asset value per share £1.00p (£1.00p).

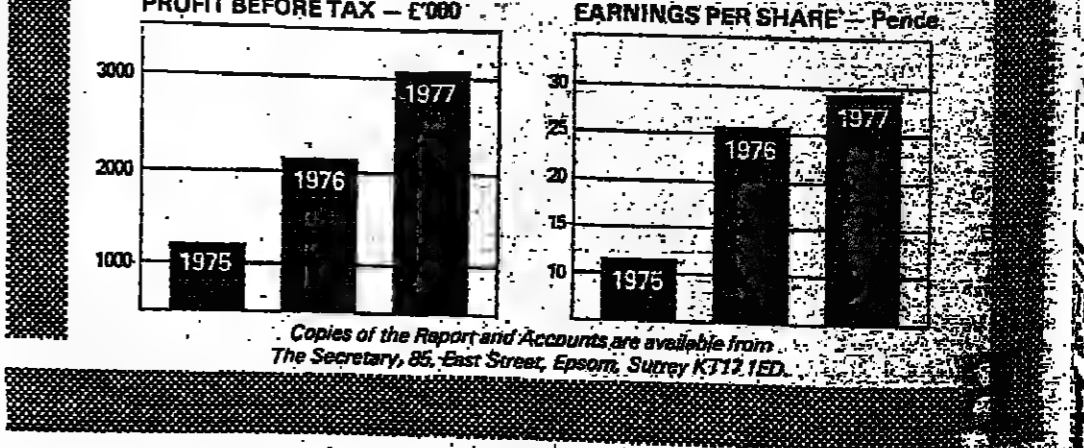
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Bullough Limited

(Pronounced BULL-Oh, is the holding company for a broadly based engineering group)

- Points from the accounts for the year ending 31st October, 1977:
- Sales increased by 32% to £29.2 million.
- Profit before tax increased by £3.05 million.
- Dividend per share increased to 6.0p, covered over five times.
- Assets increased to £10 million.
- Annual rate of growth of earnings per share has been 25% over last ten years.
- The outlook is for further progress in the current year.



Copies of the Report and Accounts are available from The Secretary, 85, East Street, Enson, Surrey KT12 1ED.

COMPANY NEWS + COMMENT

Ransomes Sims profits ahead by £230,000

AS PROJECTED, taxable profits of Ransomes Sims and Jefferies improved in 1977 and finished ahead from £2.02m to £2.25m. At the interim stage they showed little change at £1.02m.

Yearly earnings per £1 share are given at 30.1p compared with 30.5p and the dividend total is raised from 7.72p to 8.35p with a final payment of 8.05p net.

Sales of the grass machinery, harvesting machinery and truck divisions were well up on last year while the tillage division showed no real growth. Trading profit held up reasonably well at a time when works were still operating below capacity. Group profits were, however, adversely influenced by losses in marketing subsidiaries in France and South Africa, Mr. C. W. Bone, chairman, says.

He says that at the present time sales prospects for the majority of the company's products are encouraging, and he will be disappointed if results for the current year do not show a further improvement over those now reported.

A property revaluation has resulted in a surplus of £23.3m.

Company	Page	Col.	Company	Page	Col.
Amey Roadstone	20	4	Douglas (R. M.)	20	5
Armour Trust	21	1	Granada Group	21	1
Baynes (Charles)	20	8	Manganese Bronze	20	6
Bids and Deals	22	4	Mining News	23	4
Bullough	23	4	Moorside Trust	21	5
Campani	20	2	Ransomes Sims	20	7
Commercial Union	21	3	Standard Life	20	5

Amey well ahead at six months

PRE-TAX profits of Amey Roadstone Corporation, a subsidiary of Consolidated Gold Fields, jumped from £8.07m to £13.98m for the six months to December 31, 1977, against £7.9m for the corresponding period in 1976. Profit for the 1976-77 year was up by £4.5m to £18.13m.

Results include, for the first time, figures relating to the construction materials businesses in the U.S. transferred on July 1, 1977, to Amey, by its holding company. Also during the period a further substantial American company, Hydro Conduit Corp., was acquired for \$US45m. Turnover and pre-tax profit from these operations amounted to £32.02m and £1.44m, respectively.

Directors state that prospects for the second half appear reasonable both at home and abroad, and they anticipate that the improved level of profits will be maintained.

In the U.K., there has been a small but perceptible increase in the volume of work available, the directors say, and this is reflected in the improved results of practically all of the company's divisions.

Production facilities, however, remain underutilised. Overseas performance continues to be satisfactory, they add.

Campari to pay interim of 1.996p

IMPORTERS and distributors of leisure, camping and boating equipment, Campari is paying an interim dividend of 1.996p net per 20p share which is equal to the total for 1976-77 of 1.816p plus the maximum permitted 10 per cent.

And Mr. G. K. Benscher, the chairman "is pretty sure that more 'goodies' will be available for shareholders at the year-end."

In the seven months to December 31, 1977 pre-tax profit rose from £723,055 to £812,866 on turnover of £7.58m, against £7.01m.

Mr. Benscher tells members that the group has been continuing its relentless pursuit to establish Campari as a major leisure group in the leisure industry not only in the U.K. and the Common Market, but also in the rest of Western Europe.

The interim figures contain sizeable setting-up costs in Germany and Sweden where the directors see a very strong growing market for the group's products.

The forward order book is well ahead of last year. However, because of current uncertainty regarding restrictions of merchandise movement between the Orient and Europe, "we view the next few months with cautious optimism." Profits for the 1976-77 year came to a record £1.83m.

Commercial Union Assurance Company Limited

The Board announces unaudited profits for 1977 of £67.6m. after providing for taxation.

	1977 Unaudited	1976 Restated (Note (a))
Premium Income	1,072.5	1,148.9
Investment income	127.7	123.9
Life profits	14.2	7.9
Underwriting result (Table below)	(20.9)	(59.8)
Loan interest	(21.2)	(24.7)
Profit before Tax	99.8	47.3
Taxation and minorities	(32.2)	(13.2)
Profit attributable to Shareholders	67.6	34.1
Earnings per Share (Note (b))	19.40p	10.84p
Shareholders' Funds	£584m	£410m
Underwriting Result		
United Kingdom	(1.7)	(6.8)
United States	3.3	(26.8)
Australia	4	(4.7)
Canada	1	3
Western Europe	(19.9)	(17.4)
Remainder	(3.1)	(4.4)
	(20.9)	(59.8)

NOTES (a) The results for 1976 have been restated in view of the change made in the Company's policy for deferred taxation announced in November 1977.

(b) Earnings per share are calculated on the "net" basis and for 1976 have been adjusted to take account of the bonus element included in the Rights Issue.

(c) The results of the Company's overseas operations have, as usual, been converted at rates of exchange prevailing at the close of the years reported above.

World-wide non-life premium income in sterling terms shows a reduction of 7%. After allowing for changes in rates of exchange and the effect of the sale of our Austrian and German companies during 1977, there was a growth in premium income of approximately 6%.

In the United Kingdom the underwriting result has been arrived at after taking credit for approximately £3m. arising from the change made this year in the method of calculating unearned premium provisions. There has been a deterioration in results during the fourth quarter due to poor fire experience and an increase in the incidence of motor claims.

In the United States a substantial underwriting profit was made in the last quarter bringing the results for the year as a whole into profit. All major classes have contributed to this profit except workers' compensation, the experience of which, however, continues to improve. The statutory operating ratio for 1977 was 98.2%, compared with 106.4% in 1976.

Underwriting results in Australia were profitable but less so than at nine months. Conditions remain difficult because of severe competition, continuing inflation, although at a reduced level, and uncertainty created by adverse legislation in certain States. The Canadian underwriting results show little change on last year after provision for the estimated effect of the current regulations of the Anti-Inflation Board.

The poor result for Western Europe was largely due to underwriting losses in the Netherlands, where all rates, but particularly those for motor, have been seriously inadequate. Substantial rate increases applicable in 1978 have now been approved and these will

help to improve underwriting results, although further increases will be needed.

Investment income for 1977 was increased by the acquisition of Estates House Investment Trust Limited and reduced to a greater extent by the sale of our Austrian and German companies. Moreover, changes in rates of exchange further reduced the sterling value of group investment income by approximately £10m. Without these factors, investment income would have shown an increase of 13%.

Dividend

The directors recommend for payment on 17th May 1978 a final dividend on the ordinary shares of the Company of 5.081p (1976 4.387p). This, together with the interim dividend of 2.564p (1976 2.525p) per share paid in November last, gives a total dividend for the year of 7.645p (1976 6.912p) per share. U.K. resident and certain foreign shareholders will be entitled to an imputation tax credit of 3.938p (1976 3.619p) per share, at current rates of tax, making a gross dividend for the year 1977 of 11.583p (1976 10.531p), an increase of 10%. The comparative figures for 1976 include the additional interim dividend which was paid in November 1977 because of the change in the rate of Advance Corporation Tax.

Including preference dividends for 1977, these dividends require £29.9m. (1976 £21.6m. including the additional interim dividend referred to above). The balance of profit for 1977 amounting to £37.7m. has been added to reserves.

The Report and Accounts for 1977 will be posted to shareholders on 22nd March 1978 and the Annual General Meeting will be held on 17th April 1978.

Insure with Commercial Union Assurance

CU Assurance

Headquarters: New York. In the United Kingdom, branches in London and Birmingham and a representative office in Manchester. Other branches: Milan, Paris, Bahrain, Tokyo, Singapore, Nassau and Panama City.
An International Banking Network of branches, subsidiaries, affiliates and representative offices in over 50 countries on six continents.

SINKING FUND REDEMPTION NOTICE
to the holders ofGeneral Cable International N.V.
Guaranteed Floating Rate Loan Notes 1980

NOTICE IS HEREBY GIVEN, pursuant to the terms of said Notes and the Fiscal Agency Agreement dated as of September 28, 1970 among General Cable International N.V., General Cable Corporation, Guarantor, and Irving Trust Company, Fiscal Agent, that General Cable International N.V. intends to and will redeem on March 31, 1978 by operation of the Sinking Fund provisions of said Notes \$2,000,000.00 principal amount of General Cable International N.V.'s Guaranteed Floating Rate Loan Notes 1980 at 100% of the principal amount thereof, which have been selected for redemption by Irving Trust Company, as Fiscal Agent under said Fiscal Agency Agreement, as provided in said Notes as follows:

Notes in the principal amount of \$1,000 bearing the prefix M to be redeemed in whole.

Serial Number	Amount	Serial Number	Amount	Serial Number	Amount	Serial Number	Amount
14	625	2865	3536	4143	4785	5315	5845
24	628	2971	3580	4144	4777	5328	5854
34	631	3020	3627	4145	4778	5331	5856
44	634	3069	3674	4146	4779	5334	5858
54	637	3118	3721	4147	4780	5337	5860
64	640	3167	3768	4148	4781	5340	5862
74	643	3216	3815	4149	4782	5343	5864
84	646	3265	3862	4150	4783	5346	5866
94	649	3314	3909	4151	4784	5349	5868
104	652	3363	3956	4152	4785	5352	5870
114	655	3412	4003	4153	4786	5355	5872
124	658	3461	4050	4154	4787	5358	5874
134	661	3510	4097	4155	4788	5361	5876
144	664	3559	4144	4156	4789	5364	5878
154	667	3608	4191	4157	4790	5367	5880
164	670	3657	4238	4158	4791	5370	5882
174	673	3706	4285	4159	4792	5373	5884
184	676	3755	4332	4160	4793	5376	5886
194	679	3804	4379	4161	4794	5379	5888
204	682	3853	4426	4162	4795	5382	5890
214	685	3902	4473	4163	4796	5385	5892
224	688	3951	4520	4164	4797	5388	5894
234	691	3999	4567	4165	4798	5391	5896
244	694	4048	4614	4166	4799	5394	5898
254	697	4097	4661	4167	4800	5397	5900
264	700	4146	4708	4168	4801	5400	5902
274	703	4195	4755	4169	4802	5403	5904
284	706	4244	4802	4170	4803	5406	5906
294	709	4293	4849	4171	4804	5409	5908
304	712	4342	4896	4172	4805	5412	5910
314	715	4391	4943	4173	4806	5415	5912
324	718	4440	4990	4174	4807	5418	5914
334	721	4489	5037	4175	4808	5421	5916
344	724	4538	5084	4176	4809	5424	5918
354	727	4587	5131	4177	4810	5427	5920
364	730	4636	5178	4178	4811	5430	5922
374	733	4685	5225	4179	4812	5433	5924
384	736	4734	5272	4180	4813	5436	5926
394	739	4783	5319	4181	4814	5439	5928
404	742	4832	5366	4182	4815	5442	5930
414	745	4881	5413	4183	4816	5445	5932
424	748	4930	5460	4184	4817	5448	5934
434	751	4979	5507	4185	4818	5451	5936
444	754	5028	5554	4186	4819	5454	5938
454	757	5077	5601	4187	4820	5457	5940
464	760	5126	5648	4188	4821	5460	5942
474	763	5175	5695	4189	4822	5463	5944
484	766	5224	5742	4190	4823	5466	5946
494	769	5273	5789	4191	4824	5469	5948
504	772	5322	5836	4192	4825	5472	5950
514	775	5371	5883	4193	4826	5475	5952
524	778	5420	5930	4194	4827	5478	5954
534	781	5469	5977	4195	4828	5481	5956
544	784	5518	6024	4196	4829	5484	5958
554	787	5567	6071	4197	4830	5487	5960
564	790	5616	6118	4198	4831	5490	5962
574	793	5665	6165	4199	4832	5493	5964
584	796	5714	6212	4200	4833	5496	5966
594	799	5763	6259	4201	4834	5499	5968
604	802	5812	6306	4202	4835	5502	5970
614	805	5861	6353	4203	4836	5505	5972
624	808	5910	6400	4204	4837	5508	5974
634	811	5959	6447	4205	4838	5511	5976
644	814	6008	6494	4206	4839	5514	5978
654	817	6057	6541	4207	4840	5517	5980
664	820	6106	6588	4208	4841	5520	5982
674	823	6155	6635	4209	4842	5523	5984
684	826	6204	6682	4210	4843	5526	5986
694	829	6253	6729	4211	4844	5529	5988
704	832	6302	6776	4212	4845	5532	5990
714	835	6351	6823	4213	4846	5535	5992
724	838	6400	6870	4214	4847	5538	5994
734	841	6449	6917	4215	4848	5541	5996
744	844	6498	6964	4216	4849	5544	5998
754	847	6547	7011	4217	4850	5547	6000
764	850	6596	7058	4218	4851	5550	6002
774	853	6645	7105	4219	4852	5553	6004
784	856	6694	7152	4220	4853	5556	6006
794	859	6743	7199	4221	4854	5559	6008
804	862	6792	7246	4222	4855	5562	6010
814	865	6841	7293	4223	4856	5565	6012
824	868	6890	7340	4224	4857	5568	6014
834	871	6939	7387	4225	4858	5571	6016
844	874	6988	7434	4226	4859	5574	6018
854	877	7037	7481	4227	4860	5577	6020
864	880	7086	7528	4228	4861	5580	6022
874	883	7135	7575	4229	4862	5583	6024
884	886	7184	7622	4230	4863	5586	6026
894	889	7233	7669	4231	4864	5589	6028
904	892	7282	7716	4232	4865	5592	6030
914	895	7331	7763	4233	4866	5595	6032
924	898	7380	7810	4234	4867	5598	6034
934	901	7429	7857	4235	4868	5601	6036
944	904	7478	7904	4236	4869	5604	6038
954	907	7527	7951	4237	4870	5607	6040
964	910	7576	7998	4238	4871	5610	6042
974	913	7625	8045	4239	4872	5613	6044
984	916	7674	8092	4240	4873	5616	6046
994	919	7723	8139	4241	4874	5619	6048

Notes in the principal amount of \$10,000 bearing the prefix X and the principal amount to be redeemed.

Serial Number	Amount	Serial Number	Amount	Serial Number	Amount	Serial Number	Amount
59	\$2,000	825	\$1,000	1232	\$1,000	1310	\$2,000
207	1,000	826	1,000	1233	1,000	1311	1,000
209	1,000	827	1,000	1248	1,000	1312	1,000
210	1,000	828	1,000	1249	1,000	1313	1,000
314	1,000	1099	1,000	1277	1,000	1314	1,000
315	1,000	1100	1,000	1278	1,000	1315	1,000
316	1,000	1101	1,000	1279	1,000	1316	1,000
317	1,000	1102	1,000	1280	1,000	1317	1,000
318	1,000	1103	1,000	1281	1,000	1318	1,000
319	1,000	1104	1,000	1282	1,000	1319	1,000
320	1,000	1105	1,000	1283	1,000	1320	1,000
321	1,000	1106	1,000	1284	1,000	1321	1,000
322	1,000	1107	1,000	1285	1,000	1322	1,000
323	1,000	1108	1,000	1286	1,000	1323	1,000
324	1,000	1109	1,000	1287	1,000	1324	1,000
325	1,000	1110	1,000	1288	1,000	1325	1,000
326	1,000	1111	1,000	1289	1,000	1326	1,000
327	1,000	1112	1,000	1290	1,000	1327	1,000
328	1,000	1113	1,000	1291	1,000	1328	1,000
329	1,000	1114	1,000	1292	1,000	1329	1,000
330	1,000	1115	1,000	1293	1,000	1330	1,000
331	1,000	1116	1,000	1294	1,000	1331	1,000
332	1,000	1117	1,000	1295	1,000	1332	1,000
333	1,000	1118	1,000	1296	1,000	1333	1,000
334	1,000	1119	1,000	1297	1,000	1334	1,000
335	1,000	1120	1,000	1298	1,000	1335	1,000
336	1,000	1121	1,000	1299	1,000	1336	1,000
337	1,000	1122	1,000	1300	1,000	1337	1,000
338	1,000	1123	1,000	1301	1,000	1338	1,000
339	1,000	1124	1,000	1302	1,000	1339	1,000
340	1,000	1125	1,000	1303	1,000	1340	1,000
341	1,000	1126	1,000	1304	1,000	1341	1,000
342	1,000	1127	1,000	1305	1,000	1342	1,000
343	1,000	1128	1,000	1306	1,000	1343	1,000
344	1,000	1129	1,000	1307	1,000	1344	1,000
345	1,000	1130	1,000	1308	1,000	1345	1,000
346	1,000	1131	1,000	1309	1,000	1346	1,000
347	1,000	1132	1,000	1310	1,000	1347	1,000
348	1,000	1133	1,000	1311	1,000	1348	1,000
349	1,000	1134	1,000	1312	1,000	1349	1,000
350	1,000	1135	1,000	1313	1,000	1350	1,000
351	1,000	1136	1,000	1314	1,000	1351	1,000
352	1,000	1137	1,000	1315	1,000	1352	1,000
353	1,000	1138	1,000	1316	1,000	1353	1,000
354	1,000	1139	1,000	1317	1,000	1354	1,000
355	1,000	1140	1,000	1318	1,000	1355	1,000
356	1,000	1141	1,000	1319	1,000	1356	1,000
357	1,000	1142	1,000	1320	1,000	1357	1,000
358	1,000	1143	1,000	1321	1,000	1358	1,000
359	1,000	1144	1,000	1322	1,000	1359	1,000
360	1,000	1145	1,000	1323	1,000	1360	1,000
361	1,000	1146	1,000	1324	1,000	1361	1,000
362	1,000	1147	1,000	1325	1,000	1362	1,000
363	1,000	1148	1,000	1326	1,000	1363	1,000
364	1,000	1149	1,000	1327	1,000	1364	1,000
365	1,000	1150	1,000	1328	1,000	1365	1,000
366	1,000	1151	1,000	1329	1,000	1366	1,000
367	1,000	1152	1,000	1330	1,000	1367	1,000
368	1,000	1153	1,000	1331	1,000	1368	1,000
369	1,000	1154	1,000	1332	1,000	1369	1,000
370	1,000	1155	1,000	1333	1,000	1370	1,000
371	1,000	1156	1,000	1334	1,000	1371	1,000
372	1,000	1157	1,000	1335	1,000	1372	1,000
373	1,000	1158	1,000	1336	1,000	1373	1,000
374	1,000	1159	1,000	1337	1,000	1374	1,000
375	1,000	1160	1,000	1338	1,000	1375	1,000
376	1,000	1161	1,000	1339	1,000	1376	1,000
377	1,000	1162	1,000	1340	1,000	1377	1,000
378	1,000	1163	1,000	1341	1,000	1378	1,000
379	1,000	1164	1,000	1342	1,000	1379	1,000
380	1,000	1165	1,000	1343	1,000	1380	1,000
381	1,000	1166	1,000	1344	1,000	1381	1,000
382	1,000	1167	1,000	1345	1,000	1382	1,000
383	1,000	1168	1,000	1346	1,000	1383	1,000
384	1,000	1169	1,000	1347	1,000	1384	1,000
385	1,000	1170	1,000	1348	1,000	1385	1,000
386	1,000	1171	1,000	1349	1,000	1386	1,000
387	1,000	1172	1,000	1350	1,000	1387	1,000
388	1,000	1173	1,000	1351	1,000	1388	1,000
389	1,000	1174	1,000	1352	1,000	1389	1,000
390	1,000	1175	1,000	1353	1,000	1390	1,000
391	1,000	1176	1,000	1354	1,000	1391	1,000
392	1,000	1177	1,000	1355	1,000	1392	1,000
393	1,000	1178	1,000	1356	1,000	1393	1,000
394	1,000	1179	1,000	1357	1,000	1394	1,000
395	1,000	1180	1,000	1358	1,000	1395	1,000
396	1,000	1181	1,000	1359	1,000	1396	1,000
397	1,000	1182	1,000	1360	1,000	1397	1,000
398	1,000	1183	1,000	1361	1,000	1398	1,000
399	1,000	1184	1,000	1362	1,000	1399	1,000
400	1,000	1185	1,000	1363	1,000	1400	1,000
401	1,000	1186	1,000	1364	1,000	1401	1,000
402	1,000	1187	1,000	1365	1,000	1402	1,000
403	1,000	1188	1,000	1366	1,000	1403	1,000
404	1,000	1189	1,000	1367	1,000	1404	1,000
405	1,000	1190	1,000	1368	1,000	1405	1,000
406	1,000	1191	1,000	1369	1,000	1406	1,000
407	1,000	1192	1,000	1370	1,000	1407	1,000
408	1,000	1193	1,000	1371	1,000	1408	1,000
409	1,000	1194	1,000	1372	1,000	1409	1,000
410	1,000	1195	1,000	1373	1,000	1410	1,000
411	1,000	1196	1,000	1374	1,000	1411	1,000
412	1,000	1197	1,000	1375	1,000	1412	1,000
413	1,000	1198	1,000	1376	1,000	1413	1,000
414	1,000	1199	1,000	1377	1,000	1414	1,000
415	1,000	1200	1,000	1378	1,000	1415	1,000
416	1,000	1201	1,000	1379	1,000	1416	1,000
417	1,000	1202	1,000	1380	1,000	1417	1,000
418	1,000	1203	1,000	1381	1,000	1418	1,000
419	1,000	1204	1,000	1382	1,000	1419	1,000
420	1,000	1205	1,000	1383	1,000	1420	1,000
421	1,000	1206	1,000	1384	1,000	1421	1,000
422	1,000	1207	1,000	1385	1,000	1422	1,000
423	1,000	1208	1,000	1386	1,000	1423	1,000
424	1,000	1209	1,000	1387	1,000	1424	1,000
425	1,000	1210	1,000	1388	1,000	1425	1,000
426	1,000	1211	1,000	1389	1,000	1426	1,000
427	1,000	1212	1,000	1390	1,000	1427	1,000
428	1,000	1213	1,000	1391	1,000	1428	1,000
429	1,000	1214	1,000	1392	1,000	1429	1,000
430	1,000	1215	1,000	1393	1,000	1430	1,000
431	1,000	1216	1,000	1394	1,000	1431	1,000
432	1,000	1217	1,000	1395	1,000	1432	1,000
433	1,000	1218	1,000	1396	1,000	1433	1,000
434	1,000	1219	1,000	1397	1,000	1434	1,000
435	1,000	1220	1,000	1398	1,000	1435	1,000
436	1,000	1221	1,000	1399	1,000	1436	1,000
437	1,000	1222	1,000	1400	1,000	1437	1,000
438	1,000	1223	1,000	1401	1,000	1438	1,000
439	1,000	1224	1,000	1402	1,000	1439	1,000
440	1,000	1225	1,000	1403	1,000	1440	1,000
441	1,000	1226	1,000	1404	1,000	1441	1,000
442	1,000	1227	1,000	1405	1,000	1442	1,000
443	1,000	1228	1,000	1406	1,000	1443	1,000
444	1,000	1229	1,000	1407	1,000	1444	1,000
445	1,000	1230	1,000	1408	1,000	1445	1,000
446	1,000	1231	1,000	1409	1,000	1446	1,000
447	1,000	1232	1,000	1410	1,000	1447	1,000
448	1,000	1233	1,000	1411	1,000	1448	1,000
449	1,000	1234	1,000	1412	1,000	1449	1,000
450	1,000	1235	1,000	1413	1,000	1450	1,000
451	1,000	1236	1,000	1414	1,000	1451	1,000
452	1,000	1237	1,000	1415	1,000	1452	1,000
453	1,000	1238	1,000	1416	1,000	1453	1,000
454	1,000	1239	1,000	1417	1,000	1454	1,000
455	1,000	1240	1,000	1418	1,000	1455	1,000
456	1,000	1241	1,000	1419	1,000	1456	1,000
457	1,000	1242	1,000	1420	1,000	1457	1,000
458	1,000	1243	1,000	1421	1,000	1458	1,000
459	1,000	1244	1,000	1422	1,000	1459	1,000
460	1,000	1245	1,000	1423	1,000	1460	1,000
461	1,000	1246	1,000	1424	1,000	1461	1,000
462	1,000	1247	1,000	1425	1,000	1462	1,000
463	1,000	1248	1,000	1426	1,000	1463	1,000
464	1,000	1249	1,000	1427	1,000	1464	1,000
465	1,000	1250	1,000	1428	1,000	1465	1,000
466							

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Chesebro' sees new record

NEW YORK, Feb. 27.

CHESEBROUGH-POND'S, which recently reported record earnings and sales for 1977, expects to have another record year in 1978. Mr. Ralph E. Ward, president and chief executive officer, told AP-Dow Jones. The diversified manufacturer of health and beauty aids and other products last week reported earnings of \$60.1m or \$1.86 a share and increased its quarterly dividend.

Mr. Ward declined to make a specific earnings projection for this year, but said that first quarter earnings will top the \$15.2m or 47 cents a share of the 1977 first quarter.

AMC less definite over plans for foreign link

BY JOHN WYLES

AMERICAN MOTORS Corporation has retreated from cent statements that a broadly-based affiliation with a foreign auto manufacturer was likely to be agreed with the next few months.

At the end of a less than felicitous week for its public relations, AMC is still insisting that it is discussing a variety of possible arrangements with a number of foreign manufacturers, but is no longer standing firm on the prospect of an arrangement with a foreign company which would involve the manufacture and distribution of foreign cars by AMC.

Mr. Gerald Myers AMC's president, revealed that such an arrangement was in the offing in an interview published early last week by the Los Angeles Times. His remarks were confirmed by AMC spokesmen on Tuesday, who sought however to give the impression that the manufacturing end of such a relationship was much more of a distant possibility than Mr. Myers' remarks had suggested.

AMC officials were even more intransigent at a week-end Press conference when Mr. Myers declined to offer a timetable for concluding any possible deal, although he said he hoped to make some agreement before the end of this year.

NEW YORK, Feb. 27.

His earlier, and more definite statements had helped boost AMC's share price from \$4.125 to a high of \$5m. But the subsequent backtracking and general uncertainty surrounding any possible arrangement could again focus attention on the company's very serious problems, stemming from dwindling sales of its passenger cars.

So far the only foreign manufacturer to have publicly confirmed that it is talking to AMC is Peugeot.

Siebens involved in bid talks

By Robert Gibbons

MONTREAL, Feb. 27.

APPROACHES have been made to the controlling shareholders of Siebens oil and gas, the major Canadian-based oil and gas development group, with a view to a takeover bid. Siebens' major shareholders are the Huddell, Bay Company and the Siebens family. The company is involved in oil and gas production in western Canada and exploration in the North Sea and the Middle East.

According to Mr. W. W. Siebens, president, no actual offer had been received.

The company, in the first quarter of the current year, spent nearly \$100m on oil and gas exploration, up 73 per cent over the year earlier.

Beatrice Foods cautious

CHICAGO, Feb. 27.

BEATRICE Food will report "another good year" for the fiscal year ending February 28, but estimates of \$2.40 a share net income are "a little higher" according to Mr. Wallace N. Rasmussen, chairman and chief executive officer. The food concern's sales will top \$6.2bn, he said.

In fiscal 1977 Beatrice earned a net profit of \$2.15 a share on sales of \$5.3bn. For the first nine months of fiscal 1978 ended November 30, Beatrice reported net income of \$172.1m, or \$1.89 a share AP-DJ.

Technicolor in Italy

Technicolor has reappraised the value of the assets of its 100 per cent owned Italian subsidiary, reports AP-DJ from Los Angeles. As a result, it plans to reduce earnings for the fiscal third quarter with at least \$1.75, or 60 cents a share, to reflect a reduction in the value of the assets of the subsidiary. Total investment in the subsidiary was \$3.8m.

Pillsbury-Cook talks

PILLSBURY CO. has terminated negotiations with Cook Industries Inc. regarding the purchase of Pillsbury for an estimated \$80m, of substantially all of Cook's grain merchandising assets, reports Reuters from New York. AP-DJ adds from Memphis: Cook said that it was in negotiations with others regarding the sale of these properties. It did not identify the others with whom it is negotiating.

AMERICAN QUARTERLIES

Year 1977 1978
Revenue 1.6bn 1.48bn
Net profits 109.2m 101.6m
Net per share 1.46 1.41

Year 1977 1978
Revenue 712m 639m
Net profits 59m 44m
Net per share 0.97 0.76

Year 1977 1978
Revenue 1.1bn 953.6m
Net profits 97.8m 81.5m
Net per share 3.20 2.85

Year 1977 1978
Revenue 247.1m 211.4m
Net profits 15.9m 6.9m
Net per share 1.11 0.85

Year 1977 1978
Revenue 1.04bn 969.2m
Net profits 82.2m 12.7m
Net per share 7.82 1.11

Year 1977 1978
Revenue 166.1m 156.3m
Net profits 8.78m 6.76m
Net per share 1.11 0.85

Year 1977 1978
Revenue 640.2m 566.3m
Net profits 32.89m 27.38m
Net per share 4.12 3.44

Year 1977 1978
Revenue 263.8m 292.1m
Net profits 28.5m 24.0m
Net per share 0.93 0.79

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French supermarket chain tops earnings expectations

BY DAVID CURRY

PARIS, Feb. 27.

CARREFOUR, France's leading supermarket chain, surpassed expectations for both profit and turnover last year. As a result, it will increase the dividend of the parent company by a quarter to Frs50 per share, meaning a total payout of Frs75 per share including the tax bonus.

The results of the parent company, covering about 25 stores, indicate turnover up to Frs8.467bn, from Frs7.132bn. The 1977 figures include four months' sales at a newly acquired store at Compiègne.

Operating profit was more substantially ahead at Frs340m, against Frs287m, with the new store contributing about Frs6m. Net profits came out at Frs161.4m, against Frs131.5m, after amortisation of Frs103m, against Frs97.5m.

One feature of the results is a change in the company's treatment of the special tax on super and hypermarkets, designed to protect small retailers. For the first time it has introduced a provision for the amount which will be due on the 1978 results, calculated from the 1977 turnover. This is of Frs11.9m. This means that the 1977 results are actually carrying a "double charge" for this tax since it is also bearing the amount levied on the basis of a 1976 turnover.

Other provisions have been changed from the previous year. Expectations of losses at the Austrian subsidiary have led to a Frs10m provision. Company tax is marked down at Frs117m, against Frs97.2m, and the provision for paid holidays is Frs35.1m, against Frs29.4m.

The company gave no figures indicating the role played by its non-branded "free products" in helping turnover but commented that the range of these goods would be increased this year. Carrefour's results indicate that supermarkets have fared noticeably better than department stores over the crisis, though the company notes that its success in controlling costs has contributed to its relatively healthy performance.

Bank of Paris has acquired the control of Carrefour de Banque (CEB), a subsidiary of Carrefour, from Transamerica Corp. of the U.S. CEB specialises in medium and long-term financing of real estate operations. It has three subsidiaries.

Dutch SE rebukes companies

BY CHARLES BATCHELOR

AMSTERDAM, Feb. 27.

THE AMSTERDAM Stock Exchange Association has sent a strongly-worded reminder to publicly-quoted companies to provide full information to the exchange on any developments which might affect their share price.

The Association is particularly concerned about statements by directors to the workforce of a company, which are not made available to the general public until they appear several weeks later in such a company magazine. In the meantime a limited number of people has access to privileged information.

The exchange is also perturbed that its rule that where possible, no statements likely to affect prices are made during trading hours is increasingly being broken. Information contained in company magazines frequently becomes known on the exchange during trading hours.

This happened recently in the case of several companies, including Philips Lamps, flour miller Meeneba, food group Nutricia, and the publisher Elsevier. The association was forced to suspend the sharing of the shipping line, KNSM, for a time when information released during hours led to hectic trading.

"The Boards of public companies must ask themselves whether information released internally is not also of interest for investors," the association declares.

"Delays in publication, because information contained in a company magazine, which appears some time later, must not be allowed to mislead the investing public."

Net profit gains of 14.4 per cent and 15.3 per cent, respectively. The bank's balance sheet total rose 22 per cent, to Frs27.3bn. Lending rose 29 per cent, to Frs15.9bn, while borrowings rose 22 per cent to Frs23.7bn.

The bank did not, however, fully meet its half-year forecast that net profit growth in the second half would be about the same as in the first half. Growth of 29 per cent, slowed to 24 per cent, in the final six months. Profits per Frs50 nominal share rose to Frs25.76 from Frs24.17, capital.

NMB proposes a 5.11 increase in its total dividend payment to Frs11. The final dividend proposal is Frs7 in cash following the Frs4 interim dividend, which shareholders could also take as Frs2.50 in shares from the share premium reserve. The bank also proposes a one-for-10 rights issue to meet the growing volume of business. Issued capital at the end of 1976 was Frs147.3m.

Revenues increased 17 per cent in 1977 while costs rose by 15 per cent. NMB paid Frs13.5m, into reserves (FrS36.6m, in 1976). The allocation for FrS14.5m, compared with FrS23.6m. NMB is 35 per cent owned by the Dutch state.

NMB, which specialises in providing finance for small and medium-sized businesses, said net profits rose to FrS38.2m, from FrS44.8m, from FrS77.9m, the year before. A narrowing of interest margins meant this improvement came from an improvement in business activity, the shipping line, KNSM, for a time when information released during hours led to hectic trading.

The French Treasury is also known to be sceptical to pressure a spread of 1 per cent, was a prize worth going for even if it became the norm for leading market rates. The French names such as Electricite de France, in recent months: this is crucial as the loan just announced has a good chance of never being drawn.

These terms do not indicate that spreads are still falling, and in no way constitute a benchmark for the straight medium term market. Banks are putting up a stiff resistance and the switch away from its main bank terms for Gaz de France will not alter their resolve.

It would seem that the choice of raising a medium term loan rather than a bond is explained by the fact that the general elections due in France are less than two weeks away. Investors would not have been at all keen on seven years on a split spread of 1 per cent, for three years rising to 1 per cent, for Gaz de France. This credit will serve as a back up line for the equivalent amount of commercial paper to be issued in New York.

The commitment fee is 1 per cent, unchanged from what was a prize worth going for even if it became the norm for leading market rates. The French names such as Electricite de France, in recent months: this is crucial as the loan just announced has a good chance of never being drawn.

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EUROBONDS

Market steady

By Our Own Correspondent

The bond market was steady yesterday, although the Deutsche mark sector, despite opening a little weakly, picked up in the afternoon. Prices in this sector were a shade up on the day.

Terms were confirmed for two issues: the DM100m seven-year offering for the Philippines will carry a 6 1/2 per cent coupon. Lead manager is Dresdner Bank. The DM70m for Teuerstaubach, which Westdeutsche Landesbank is leading with a 15-year maturity with a sinking fund reducing its average life to 10 1/2 years. The coupon has been set at 5 1/2 per cent.

Meanwhile, the EIB issue was priced by the last manager Deutsche Bank at 9 1/4. The amount of the issue had been increased by DM50m, to DM250m, and the coupon cut by a quarter of a point to 5 1/4 per cent, last week.

The dollar sector was steady throughout the day in this Monday trading.

The Notes have been offered and sold outside the United States of America, Australia and the Netherlands Antilles.
This announcement appears as a matter of record only.

February 9, 1978

NEW ISSUE

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Compagnie Monégasque de Banque S.A.

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Crédit Suisse White Weld

DG BANK

Dominion Securities

Dresdner Bank

Effectenbank-Warburg

Goldman Sachs International Corp.

European Banking Company

Robert Fleming & Co.

Goldman Sachs International Corp.

Hamphros Bank

Hessische Landesbank

IBJ International

Interunion-Banque

Kredietbank N.V.

Kuwait Financial Centre (S.A.K.)

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Kuwait International Investment Co. s.a.k.

Libran Arab Foreign Bank

Manufacturers Hanover

Merrill Lynch International & Co.

Morgan Grenfell & Co.

Nederlandsche Middenstandsbank N.V.

The Nikko Securities Co., (Europe) Ltd.

Nippon European Bank S.A.

Nomura Europe N.V.

Orion Bank

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J. Henry Schroder Wagg & Co.

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Société Générale

Société Générale de Banque S.A.

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National Westminster Bank

Sharp gain at United Asbestos

TOKYO, Feb. 27.

By Wong Lung
KUALA LUMPUR, Feb. 27.
UNITED ASBESTOS CEMENT
(UAC), in which Turner and Newall of U.K. has an interest, has reported a substantial increase in profits, of 42 per cent., for the first half to December 31, of its financial year.

Eidai unit seeks debt agreement

KINKI PLYWOOD, a 75 percent owned subsidiary of Eidai Company, has applied with Osaka District Court for composition proceeding with creditors under the corporate rehabilitation law. AD-DJ reports from Tokyo.

The company is estimated to have liabilities of ¥3bn (\$12.5m.), and has been posting losses since 1975.

composition would allow a settlement of debts by agreement through partial payments of the sums due debtors, to avoid bankruptcy.

Komatsu

The improved outlook results mainly from the expectation of a rise in domestic sales following increased Government investment aimed at stimulating the economy, it said.

The dividend is unchanged at ¥9.

* * *

BRIDGESTONE Tire Company's

after-tax profit rose 8.7 per cent. to ¥13.7bn (\$67.3m.), in 1977, from ¥12.6bn. in 1976.

Sales increased by 8.2 per cent. to ¥27.8bn. (\$148m.) from ¥25.7 bn.

The dividend is unchanged at ¥10.

Agencies:

ECONOMIC

January 1978: Vol. 7

't of two tribute to recovery

sluggish, at least for some time.

Export trade, a major prop of domestic business in the past few years, also has begun to show signs of waning.

Fiscal support wanted

In contrast with the bearish trend of such demand factors, the outlay in the fiscal sector is expected to show a sound growth. For instance, housing investments in November, 1977 showed a sizable gain of 9.1 per cent over a year earlier, the sharpest monthly gain since April in the same year at 9.6 per cent.

The future outlook of housing investments appears promising in view of supports, such as the additional outlay of the Housing Loan Corporation for loans for 700,000 houses and the government decision to incorporate a new housing investment program in the fiscal

Tokai Seito applies for court protection

TOKAI SEITO Company, a medium-size suar reiner based in Mie Prefecture, applied for court protection under the corporate rehabilitation law with the local District Court.

Tokai faced bankruptcy last July with an estimated ¥600 (\$25m) debts when the company asked the court to declare it bankrupt.

However, Tokai withdrew the application in an attempt to reconstruct itself after the Agriculture and Forestry Ministry stepped in and imported crude sugar allocation system.

4/11

General Bottling

February 1978: Vol. 7 No. 2

Smooth enforcem't of two budgets will contribute to Japan's business recovery

The slow tempo of Japan's economic recovery is causing many cases of friction to surface in its domestic and external relations.

For coping with the situation, the Government last December announced its economic outlook for fiscal 1978 (April, 1978-March, 1979) with the real economic growth target placed at 7 per cent for that year.

It also approved at the same time the draft plans for the second supplementary budget for fiscal 1977 and the General Account budget for fiscal 1978 aimed at buoying up business with a sizable increase of public investments.

It is earnestly hoped that fiscal operations based on the smooth and efficient enforcement of the two budgets will display a sufficient pump-priming effect on the course of domestic business.

recent trend of demand and the still high level of the inventory-sales ratio index on the part of producers, the rising trend of production activity cannot be said to have become sufficiently fixed despite its modest stiffening in the past few months.

Hearish business

The basic keynote of major final demand factors as a whole has continued stagnant. Personal consumption expenditure, for instance, has been growing increasingly sluggish under pressure of deterrents, such as the hearish standstill of income of wage-earners because of the modest increase of the year-end bonuses in 1977 and the decline of overtime, the striking spending mood of consumers because of the uncertain business outlook, and the sales slump of winter clothing and heater units.

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Month	Current Ratio (\$ million)	Effective Ratio (\$ million)
Jan.	~0.25	~0.20
Feb.	~0.28	~0.22
Mar.	~0.25	~0.20
Apr.	~0.35	~0.25
May	~0.28	~0.22
June	~0.30	~0.25

Note: Seasonally adjusted for effective surplus.
Source: The Bank of Japan for current effective loan opening to applicant ratio and bankruptcies.

Month	Surplus (million yen)
Jun	~15,000
Jul	~25,000
Aug	~12,000
Sept	~18,000
Oct	~20,000
Nov	~30,000
Dec	32,100

New peak for production

The mining-manufacturing production index in November, 1977, seasonally adjusted, registered a sharp increase of 2.8 per cent over the previous month.

Although there was a gap in the recovery tempo as 10 commodity groups, the overall level of the mining-manufacturing production last November surpassed the previous peak before the oil crisis in late 1973 for the first time in four years.

MITI's production forecast index in the mining-manufacturing sector (seasonally adjusted) also estimated production in January, 1978 to show a sound gain of 2.7 per cent over the previous year after a 1.4 per cent decrease in December, 1977.

Meanwhile, the shipment index of producers in the mining-manufacturing sector (seasonally adjusted) last November registered a 4.0 per cent increase over a month earlier, thus eclipsing the growth of production in the same month.

As a result, the inventory index of manufactured products held by producers (ditto) recorded a 0.1 per cent decline from the previous month for the third consecutive month. The inventory-sales ratio index of manufactured products (seasonally adjusted-1970 average=100) in November also sagged for the fourth consecutive month to stand at 124.8.

Taking into consideration the

The increase of sales of large-scale retailers in November, 1977 declined to the one-digit level over a year earlier for the first time in eight months, and the sales growth of department stores in the same month showed the lowest growth on record of 3.0 per cent over the corresponding month a year before.

Equally discouraging have been private plant and equipment investments. The shipment index of capital goods (exclusive of transportation machinery) made a meager rally registering a modest gain of 3.3 per cent over a month ago on a seasonally adjusted basis in October, 1977 and 3.0 per cent in November.

However, orders for machinery, a leading indicator of the trend of private plant and equipment investments a few months ahead, have continued stagnant, showing a decrease of 3.0 per cent in October, 1977 from the previous month and 3.6 per cent in November.

The equipment operation index of the manufacturing sector (1970=100) continued to stay low at 84.7 per cent last October.

Against this gloomy background, the future business outlook of corporate executives has become increasingly pessimistic. Judging from such grim surrounding circumstances, the stagnation of private plant and equipment investments is considered destined to continue.

1978 national budget.

In the phase of the overall fiscal outlay, the outlays for public works projects and payment guarantees for public investment jobs have been showing sound increases. The fiscal outlay under the so-called "13-month national budget" is likely to provide a sound support to business.

For all that, the current malaise of domestic business is considered bound to continue for some time. As a result, many phenomena causing friction in the domestic and external phases of the Japanese economy are likely to surface more tangibly.

Growing friction

Specific reference should be made to the deteriorating climate surrounding corporate business operations.

In the latest semi-annual accounting term ended September, 1977, the increase of earnings of major companies came to a halt after the modest gains in the preceding three half-year periods. At the same time, monthly corporate bankruptcies in the past few months have continued to surpass the "crisis line" of 1,500 cases.

On the other hand, wholesale prices have begun to calm down "excessively," offering a cause for the acuter slump of structurally depressed industries.

Along with the rapidly deteriorating environment surrounding corporate business operations, the employment

The completely jobless rate has continued to surpass 2 per cent. The job of stabilizing employment thus has become a cardinal policy problem for the Government to tackle and solve.

In the phase of the nation's external relations, the bearish standstill of imports and the growing surplus of the balance of payments in Japan's favor have continued to provide a major headache to the government.

Calmng prices

Prices have continued conspicuously stable in response to the slow tempo of business recovery and are likely to continue so for some time.

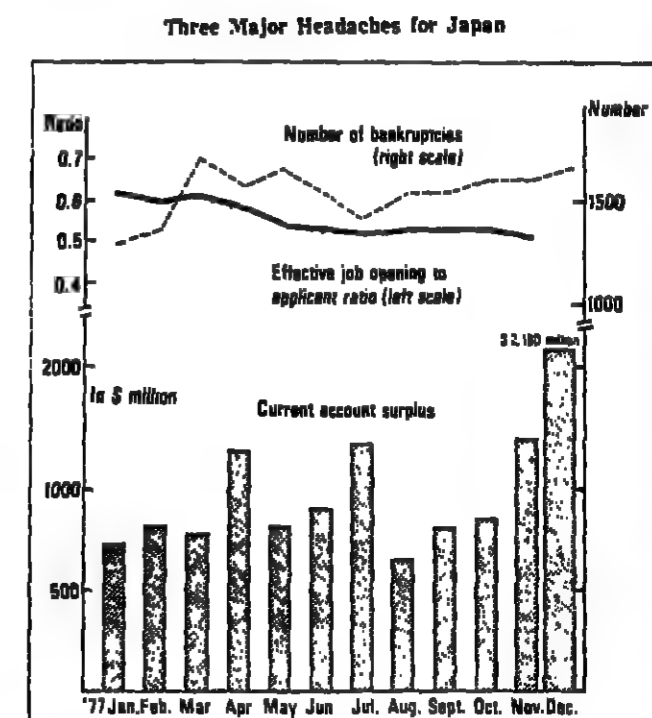
the national consumer price index in November, 1977 over a year earlier stood at around 6 per cent, registering the slowest hike in four years and nine months since February, 1974 16.2 per cent.

The advance of the consumer price index in the Tokyo metropolitan district last December over a year before stood at 5.0 per cent, staying below the interest rate of time deposits at 5.35 per cent.

The wholesale price index in November, 1977 declined by 0.9 per cent from a year earlier and dipped further by 1.5 per cent in December. As a result, the average decline of the wholesale price index in calendar 1977 over a year earlier stood low at 1.5 per cent.

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Munich, Toronto, Saigon, New Orleans.



Note: Seasonally adjusted for effective job opening to applicant ratio and current account surplus.

Sources: The Bank of Japan for current account surplus, the Ministry of Labor for effective job opening to applicant ratio and Tokyo Shoko Research Ltd for number of bankruptcies.

ECB sees lower DM yields

MARY CAMPBELL

PRESENT dichotomy of the auspicious condition of the dollar sector of the global bond market and ominous conditions in the dollar sector is likely to continue, says a leading analyst at Market Trends, which has increased its forecast five times a year.

The analyst's comment, which was before the latest fall in long-term interest rates, nonetheless surprises a number of observers. He says that "the difference between the return on securities and Euro-DM yields at present barely differentials in inflation in the two countries."

At the time of writing the rate on Euro-DM issues by top quality issuers was 8 1/4 per cent; the rate on the Euro-DM market was 7 1/4 per cent.

The comparable rates for francs and Yens were 4 per cent and 6 7/8 per cent, respectively.

The analyst bears out outlook for the global bond issues noted in dollars, the predicts \$67Bn. worth of global issues in the first three years, down from \$100Bn. in the equivalent period in 1978.

He says that the recent strong expansion in the global bond markets will continue, and that the global bond markets were running at an annual rate of \$173Bn. more than any time since 1978.

Then the Yankee bond market (the market for issues by issuers in New York) has turned for the worse since July, and that the global foreign bond issues will have a poor performance in this year.

sector will drag down the overall total.

The OECD is therefore predicting foreign bond issues at an annual rate of "perhaps \$14-15bn." in the first half of this year, down from the \$18bn. level recorded in 1976. The OECD also predicts particularly interesting features of the bond market recently. The OECD says, was the confirmation that a number of less developed countries (LDCs) "have now established themselves as regular borrowers in the international bond markets and are in a position to raise sizeable amounts (\$3bn. in early 1978 at an annual rate) at comparatively attractive terms."

The fall in new issue possibilities in the international bond markets, on the other hand, is expected to lead to a reduction of medium term lending by commercial banks this year. Other factors will include an increase in LDCs current account deficits this year, and a fall in LDCs to \$10bn., or \$5.5-6bn., compared with 1977, partially under the impact of protectionist measures among OECD countries.

Two further factors behind the expected increase in gross lending arise from the current liquid state of the international banking system. According to the OECD the current "borrowers' market" will continue to lead borrowers to refinance older loans—down coming out of the grace periods, when no repayments are due—at lower interest rates and for longer maturities. Finally the OECD says, if market conditions remain favourable "it will be tempting for creditworthy borrowers to continue to pursue their current and new credit facilities on which they will be able to count when

the market swings back to a lenders' market."

The scope for a consolidation of short term debt will also be cited as a factor pushing up gross lending—this arises from the bunching of maturities for a number of countries in the early 1980s.

The OECD does not expect a reduction of lending capacity—if only because the converse falling investment in bonds is increased deposits with international banks. On the contrary, it expects spreads if anything to fall slightly further through substantial downward adjustments will be conceded only on a selective basis. It also expects fees to be shaved and the spread structure to narrow with the spreads payable by lower quality borrowers becoming lower toward those paid by higher quality borrowers.

In addition, it expects maturities to be further stretched, though not to the levels reached in 1975-74. Maturities of 10 years are likely to increase in coming months to 8-8½ years on average, from 6-8 years last year. In contrast to some banks, it cautiously welcomes this development which it says "may prove beneficial to the lender themselves in the longer run as it would contribute to lessening the time pressures on borrowers and improve their ability to service existing debt."

The current issue of *Pittman* sister *Trenda* contains a special feature on medium term credit.

Financial Market Trends, available from OECD, 2 rue André-Pécal, 75775 Paris France, or from HMSO.

The mining-manufacturing production index in November 1977, seasonally adjusted, registered a sharp increase of 2.8 per cent over the previous month.

Although there was a gap in the recovery tempo as the commodity groups, the overall level of the mining-manufacturing production last November surpassed the previous peak before the crisis in late 1973 for the first time in four years.

MITI's production forecast index in the mining-manufacturing sector (seasonally adjusted) also estimated production in January, 1978 to show a sound gain of 2.7 per cent over the previous year after a 1.4 per cent decrease in December, 1977.

Meanwhile, the shipment index of producers in the mining-manufacturing sector (seasonally adjusted) last November registered a 4.0 per cent increase over a month earlier, thus eclipsing the growth of production in the same month.

As a result, the inventory index of manufactured products held by producers (ditto) recorded a 0.1 per cent decline from the previous month for the third consecutive month. The inventory-sales ratio index of manufactured products (seasonally adjusted) 1970 average=100) in November also sagged for the fourth consecutive month to stand at 124.9.

Taking into consideration the

large-scale retailers in November, 1977 declined to the one-digit level over a year earlier for the first time in eight months, and the sales growth of department stores in the same month showed the lowest growth on record of 3.0 per cent over the corresponding month a year before.

Equally discouraging have been private plant and equipment investments. The shipment index of capital goods (exclusive of transportation machinery) made a modest rally registering a meagre gain of 3.2 per cent over a month ago on a seasonally adjusted basis in October, 1977 and 3.0 per cent in November.

However, orders for machinery, a leading indicator of the trend of private plant and equipment investments a few months ahead, have continued stagnant, showing a decrease of 3.0 per cent in October, 1977 from the previous month, and 3.6 per cent in November.

The equipment operation index in the manufacturing sector (1970=100) continued to stay low at 84.7 per cent last October.

Against this gloomy background, the future business outlook of corporate executives has become increasingly pessimistic. Judging from such grim surrounding circumstances, the stagnation of private plant and equipment investments is considered destined to continue

fiscal outlay, the outlays for public works projects and payment guarantees for public investment jobs have been showing sound increases. The fiscal outlay under the so-called "15-month national budget" is likely to provide a sound support to business.

For all that, the current malaise of domestic business is considered bound to continue for some time. As a result, many phenomena causing friction in the domestic and external phases of the Japanese economy are likely to surface more tangibly.

Growing friction

Specific reference should be made to the deteriorating climate surrounding corporate business operations.

In the latest semi-annual accounting term ended September, 1977, the increase of earnings of major companies came to a halt after the modest gains in the preceding three half-year periods. At the same time, monthly corporate bankruptcies in the past few months have continued to surpass the "crisis line" of 1,500 cases.

On the other hand, wholesale prices have begun to calm down "excessively," offering a cause for the acuter slump of structurally depressed industries.

Along with the rapidly deteriorating environment surrounding corporate business operations, the employment

has continued to surpass 2 per cent. The job of stabilizing employment thus has become a cardinal policy problem for the Government to tackle and solve.

In the phase of the nation's external relations, the bearish standstill of imports and the growing surplus of the balance of payments in Japan's favor have continued to provide a major headache to the government.

Calm prices

Prices have continued conspicuously stable in response to the slow tempo of business recovery and are likely to continue so for some time.

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FORMING AND RAW MATERIALS

Y pension ds buy n land

Short

N FUND, unlike insurance companies and other institutions, have not substantial investments in agricultural land, says the Association of Pension Funds.

The funds have 2.2 per cent of their assets in agricultural land, it is said. The North British Fund, for example, has 1.5 per cent, and the Scottish Widows Fund 1.2 per cent.

The survey was based on 100 directly-administered funds with an aggregate of £11.5bn.

Of the total was agricultural land, and part of the figure had been held since 1970. The figure had risen in the past three years.

The Association emphasised it was not a survey of pension funds' investments in this sector. The sample showed was mainly the larger funds, and it is not clear whether there was a general spread investment risk over as wide a range of agricultural land as a secure investment in urban areas.

The survey also showed that pension funds are primarily interested in income, and that the returns from agricultural land are not high enough to attract them. The average return from agricultural land was 3.2 per cent, compared with 4.5 per cent for urban areas.

Cocoa rally continues on London market

BY RICHARD MOONEY

COCOA PRICES continued to advance on the London futures market yesterday in what some dealers saw as an extended correction to the recent over-sold situation. May cocoa gained another 2.25 to £1,584.75 a tonne and has now risen more than £130 in three trading days.

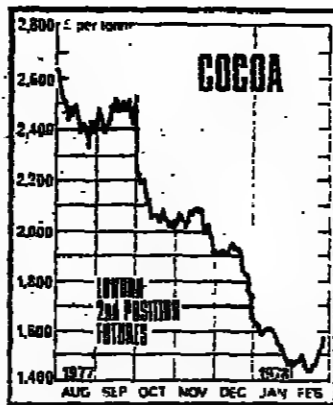
The Russian buying, which prompted last week's turnaround in sentiment, was absent from the market yesterday, traders reported. But speculative buying was much in evidence as "investors" purchased cocoa to cover earlier "short" sales.

Nigeria and Ghana were both selling cocoa fairly substantially but no sales were reported by the Ivory Coast or the Cameroun.

Chart "patterns" are still pointing to higher prices and further advances are forecast by dealers. But market sources generally agree that the long-term prospect remains "bearish" and expect prices to slip back, possibly to new lows, once the current rally has played itself out.

Last week's Soviet purchases have been rumoured to have totalled 10,000 tonnes, mostly through the London market. London dealers have been unable to confirm this figure but some said they knew of Soviet purchases totalling nearly 7,000 tonnes.

Brazil's 1977-78 output is expected to rise to 250,000 tonnes from 234,000 in 1976-77.



In Washington meanwhile the Ivory Coast's 1977-78 cocoa crop is forecast to possibly reach 250,000 tonnes, up from 230,000 tonnes in 1976-77, says a U.S. Agriculture Department field dispatch from Abidjan.

It is said the estimate includes "very large" quantities of cocoa smuggled in from Ghana, rumoured at 20,000 to 40,000 tonnes, more than double recent years.

Officials from the world's cocoa-producing nations met in Douala, Cameroun, yesterday to work out a common approach for the coming session of the International Cocoa Council, to be held in London in late March.

All nine members of the Alliance of Cocoa-Producing Countries—Brazil, Cameroun, Ivory Coast, Ecuador, Gabon, Ghana, Nigeria, Togo and Trinidad and Tobago—were represented.

Other producer countries were invited to send observers.

Coffee damage 'exaggerated'

BY SUE BRANFORD

FIRST ESTIMATES of the recent damage to this year's coffee crop caused by bad weather, particularly drought, are proving to be exaggerated.

Sao Paulo state government authorities said the cut in the crop in the state is 18 per cent, bringing it down to 8.8m bags.

The farmers' federation earlier assessed the damage at 40 per cent of the expected crop.

Government officials in Parana are sticking to the original damage estimate of 20 per cent, which would bring production down to 4.3m bags.

There is general agreement that it is too early to assess the full impact of the drought. Some farmers feel confident enough in their assessments to suggest that the figure of 20 per cent is an exaggeration.

Several farmers have commented that coffee bushes are well known to stand up well to droughts and that a closer figure would thus be about 10 per cent.

Most observers estimate an overall reduction of 10-15 per cent, with production falling from 18m to 16m bags.

From Rio de Janeiro, meanwhile, Reuters reports that trade sources expect a reasonable number of export registrations to be made to-day for Brazilian coffee since the present terms to overseas buyers were introduced on February 15.

The sources said buyers who have their purchases registered to-day will get the largest indemnity available so far under the new terms of 34.25 cents a pound for Europe or 32 cents for the rest of the world, without considering delivery bonus or price guarantee possibilities.

The indemnity on coffee registered to-day is based on the International Coffee Organisation indicators for February 23, which were the lowest since February 16.

The higher close in New York on Friday means higher indemnities and a lower indemnity for those registering to-morrow, they added.

SAO PAULO, Feb. 27.

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Asian rice project

PARIS, Feb. 27.

A SCHEME costing \$54bn, designed to make South and South-East Asian countries self-sufficient in rice in 15 years, has been proposed by a group of experts here.

The project is intended to double rice production in these areas by 32m tonnes a year by 1993. Use of fertiliser will have to rise sharply to more than 12m tonnes annually from about 2.5m at present.

The group, known as the Trilateral Commission, includes independent experts from the U.S., Japan and Western Europe.

The draft scheme will go forward to further meetings of experts in Washington and Tokyo before being presented as a working document to world governments in May, commission officials said.

The plan is based on a projected annual increase of 3.4 per cent in demand for rice in these Asian countries. The area planted with the crop would not be substantially increased but the emphasis would be on improving irrigation.

Breakdown of capital investment for the 15-year project shows \$32.5bn coming from developed countries, \$16bn from developing countries and \$5bn from the Organisation of Petroleum Exporting Countries.

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Tin prices rise sharply

By Our Commodities Staff

TIN PRICES rallied strongly on the London Metal Exchange yesterday following last week's downturn.

Standard grade cash tin jumped by £120 to £26,175 a tonne at the close, and moved further ahead in late afternoon dealings.

The three months' quotation after a steady climb to £26,135 traded as high as £26,225 on the late afternoon before falling back to £26,190 on profit-taking.

Other base metal markets were also higher, notably lead. As with tin, covering of previous sales and some trade buying interest, lifted the cash price by £13.75 to £230.5 a tonne.

Copper and zinc followed the upward trend, but in quieter trading conditions.

Copper cash wirebars rose by £6.75 to £218.75 a tonne and cash zinc by £4.5 to £239.75 a tonne.

There was another sharp fall in copper stocks—down by 9,275 tonnes.

LME warehouse copper holdings to £22,425 tonnes.

The fall in stocks, attributed to shipments to the U.S. to heat a possible curb on imports, was in line with expectations and had been discounted by the market.

Also as predicted tin stocks rose by 100 to 4,360 tonnes, while lead stocks fell by 500 to 83,450 tonnes. LME silver holdings fell by 210,000 ounces to 19,170,000 ounces.

Indian tactics may tip the balance

TEA MARKET

BY JOHN EDWARDS, COMMODITIES EDITOR

TEA PRICES were slightly lower at the London auctions yesterday in the face of what was described as "irregular demand".

Average prices for quality tea were down by 3p to 152p a kilo, medium by 3p to 132p, and plain by 5p to 95p.

The quiet trend at the auctions caused some surprise in view of the U.K. tea blenders' claims that the market was rising, and the fact that the supply-demand situation is finely balanced—much the same as last year, just before prices rocketed to all-time peaks.

An extra imponderable this year is the attitude of the Indian Government over its future tea export policy.

A committee was appointed earlier this month to examine the whole range of Indian tea marketing.

The committee was originally inspired by complaints about "under-invoicing" of tea exports by Indian companies as a means of building up foreign currency reserves overseas.

But subsequently the committee's brief was expanded to cover the whole of tea marketing, including the emotive issue of whether the London tea auction system, controlled by the old colonial interests, should be bypassed in future and sales of Indian tea be confined to domestic markets only.

Indeed the whole auction system, in India and overseas, will come under the committee's scrutiny to decide whether or not it is advantageous to the producer and fair to the consumer.

The London tea trade is confident that it will be given a clean bill of health from the committee, having survived two

searching inquiries from the repeat last year's mistake, and they are also aware of Mr. Hattersley's threat to impose lower prices, based to by super-market chains flushed by their success in forcing coffee prices down.

It is too early to say yet what production is likely to be this year. Early indications are of reasonably favourable conditions, but Sri Lanka and Malawi are reported to be running below last year's levels.

Thompson Lloyd and Ewart, one of the leading London tea brokers, suggests in its latest market report that it seems improbable that the very favourable climatic conditions last year will be repeated this year.

But the report points out that policy in India indicates an intention to build up stocks to moderate prices for local consumption, and the size of this stock could have a significant effect on world prices this year.

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NZ wool shipments decline

By Dai Hayward

WELLINGTON, Feb. 27.

THE EEC has substantially reduced its buying of New Zealand wool.

In the first half of the season, total shipments were down 30.2 per cent—121,000 bales. Of this, four-fifths was to the EEC, 86,000 bales, was in shipments to EEC countries, Japan, Iran and the Soviet Union also bought less wool.

The reduced exports reflects the heavy buying by the Wool Marketing Corporation until it dropped its intervention price in November.

For the first half of the season, New Zealand's wool exports were down 30.2 per cent compared with the recent Timaru sale, reports Reuters.

Grant aids improve marketing in France

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

FRENCH LIVESTOCK marketing is becoming more complex and confusing picture says the latest report from the Centre of European Studies at Wye College.

But, say authors Professor Pickard and Miss Anne Bullen, certain definite trends are apparent.

By comparison with Britain, French farmers are much smaller and in few cases would be able to do their own marketing on the scale common in the U.K.

That has been recognised by successive French Governments and accounts for the assistance given in the setting up and financing of co-operatives and group systems of production.

The assistance provided comprises not only grants but subsidised credit through bank Credit Agricole and Common Market sources where possible.

The Government has been rationalising the system of abattoirs to replace the multiplicity of smaller establishments in the private and municipal sectors in order to provide the basis for a system of meat processing to meet the supermarket outlets common elsewhere in the Community.

The policy appears to be oriented towards export markets, but far greater degree has been the case in Britain.

Livestock Marketing Systems in EEC countries: France by Prof. David H. Pickard and Miss Anne Bullen, Centre of European Studies, Wye College, Ashford, Kent. Price £4.

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COMMODITY MARKET REPORTS AND PRICES

METALS

Study in substantial trading on the London Metal Exchange. Forward prices for base metals were generally higher than spot prices, but the afternoon session was mostly in the range of 10-15p above spot prices.

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COFFEE

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WHEAT

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RUBBER

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MEAT/VEGETABLES

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PRICE CHANGES

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U.S. Markets

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THE COLONY VALLEY WATER COMPANY

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SILVER

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GRAINS

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SOYABEAN MEAL

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INDICES

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FINANCIAL TIMES

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REUTERS

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DOV JONES

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MOODY'S

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LONDON COMMODITY CHARTS

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PLANT AND MACHINERY

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GENERATORS

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COCOA

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JUTE

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STOCK EXCHANGE REPORT

Markets react to conflicting North Sea reports
Index 2.4 down at 441.8 after 436.8 Short Gilts resilient

Account Dealing Dates

Option

First Declara. Last Account

Dealings Date

Jan. 30 Feb. 9 Feb. 10 Feb. 21

Feb. 13 Feb. 23 Feb. 24 Mar. 7

Feb. 27 Mar. 9 Mar. 10 Mar. 21

New time dealings may take place

from 9.30 a.m. two business days earlier

A report from the Scottish

Council estimating that the U.K.

economy could benefit from North

Sea oil to the extent of £400m.

over the next two years and by

£120bn. to £100bn. over the next

20 years helped to steady stock

markets at the start of a new

account yesterday.

Both equities and British Funds

had shown marked weakness

prior to the report, having opened

sharply lower following week-end

Press comment pointing to a halving

of the expected contribution to

revenue from the area in

1978-79. Leading share prices

already rallied a shade ahead of

the more optimistic North Sea

assessment which was announced

in the late morning and prices

edged higher throughout the day

with the help of "cheap" buy-

ing.

The FT 100 share index was at its

lowest of the day at 10 a.m. with

a drop of 7.4 points reflecting

defensive marking down by

subscribers; the index picked up a

little on each succeeding calcula-

tion and ended at 441.8 with the

net loss reduced to 2.4, nearly a

third of which represented divid-

end payments on ICI and Grand

Metropolitan.

Scattered firm features

developed on week-end Press

recommendations and on one or

two pleasing company news items,

but losses outnumbered rises in

all FT-quoted industrial.

7-10.2 Official markings announced

in 5.843 compared with last

Friday's 5.173 and the week-ago

4.204. Widespread falls were

recorded in the FT-Actuaries

indices, but Composite Insurance

closed out with a rise of 1.2 per

cent, to 121.63 with sentiment

helped by Commercial Union's

figures.

Short Gilts rally late

Week-end Press pessimism over

a decline in potential North Sea

oil benefits together with a gloomy

American prediction of the U.S.

economy ensured dullness again

for British Funds. Longer

maturities opened easier and the

immediate efforts of sellers soon

forced dealers to mark down

quotations further until losses of

a full point were being faced.

These levels subsequently

appeared unattractive to would-be

offerors and they withdrew

leaving the market to settle at

or so above the lowest. The

shorts were similarly reactionary

but support was eventually forth-

coming on the view that the terms

of the new top Exchequer 8 per

cent 1982, announced late last

Friday, would encourage a size-

able application, particularly from

the building societies, a good

recovery ensued in the closing

of the official close of trading

and at that time the losses of 1

initially, were only of marginal

proportions. In Corporations, a

fall of 11 points to 511 in the

Kensington and Chelsea 11 per

cent, 1985-1987, recently-issued

scrip, in 250-pd form, contrasted

vividly with general losses of 1

Early cashness in the investment

currency market soon cleared and

on sustained institutional demand

the premium rose from 82 to

close of the day's best of 87 per

cent, for a net rise of 31 points

The buying, which reflected the

need to acquire premium for

investment in U.S. securities,

readily absorbed arbitrage offer-

ings and it subsequently imprinted

on a market short of supplies.

Yesterday's S.F. conversion factor

was 0.7213 (0.7201).

C.U. please

The much better-than-expected

fourth-quarter profits from Com-

mercial Union attracted more

interest to Composite Insurance

which closed mixed; steady at

around 188 in the FT-Actuaries

results. CU touched 1440 on thou

and closed 3 up at 1439, while

General Accident, hoping for a

similar performance when their

report annual figures, were

moved up 4 to 2009, Eagle Star

edged forward a penny to 1939

but Royals which announce

results on Thursday, closed un-

altered at 2309, Sun Alliance

at 2319, Sedgwick Clarke

at 2329, Sun Alliance

at 2339, Sun Alliance

at 2349, Sun Alliance

at 2359, Sun Alliance

at 2369, Sun Alliance

at 2379, Sun Alliance

at 2389, Sun Alliance

at 2399, Sun Alliance

at 2409, Sun Alliance

at 2419, Sun Alliance

at 2429, Sun Alliance

at 2439, Sun Alliance

at 2449, Sun Alliance

at 2459, Sun Alliance

at 2469, Sun Alliance

at 2479, Sun Alliance

at 2489, Sun Alliance

at 2499, Sun Alliance

at 2509, Sun Alliance

at 2519, Sun Alliance

at 2529, Sun Alliance

at 2539, Sun Alliance

at 2549, Sun Alliance

at 2559, Sun Alliance

at 2569, Sun Alliance

at 2579, Sun Alliance

at 2589, Sun Alliance

at 2599, Sun Alliance

at 2609, Sun Alliance

at 2619, Sun Alliance

at 2629, Sun Alliance

at 2639, Sun Alliance

at 2649, Sun Alliance

at 2659, Sun Alliance

at 2669, Sun Alliance

at 2679, Sun Alliance

at 2689, Sun Alliance

at 2699, Sun Alliance

at 2709, Sun Alliance

at 2719, Sun Alliance

at 2729, Sun Alliance

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at 2829, Sun Alliance

at 2839, Sun Alliance

at 2849, Sun Alliance

at 2859, Sun Alliance

A fair amount of early activity

in ICI saw the shares react to

230p by rallying to close the

day a net 21 cheaper at 230p. 2d.

Elsewhere in Chemicals, Fisons

attracted buyers at 258p, up 8;

the preliminary results are due

next Monday.

Stores were again mainly

noticed for marked weakness in

jewellery stocks. Frush per-

sistent selling in an unwilling

market prompted further falls of

8 and 11 respectively in Baines,

87p, and H. Samuel A. 237p, while

James Walker declined 6 to 61p

and J. Lyons 2 to 90p. Elsewhere

in food, J. Blyth remained weak

and lost 8 more at 182p. Similar

losses were seen in Associated

Dairies, 208p, and Rowntree

253p.

Following the announcement

that the Government is to propose

a maximum price for tea, Cadbury

Schweppes eased a penny to 40p

and J. Lyons 2 to 90p. Elsewhere

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Irish became an exception at

357p, up a further 13p, following

increased demand in a restricted

market. Down 15 last week on

nervous selling in front of the in-

terim results, Campari picked up

a penny to 100p in active trading

in response to the half-year

figures and accompanying state-

ment. Evelev Buildings cheapened

4 to 88p following the chairman's

unimpressive annual statement and

still reflecting last week's dis-

appointing third-quarter figures.

Johnson Matthey shed 5 more to

375p. Whitman Reeve Angel lost

8 to 222p and D. H. Brammer,

110p and Caplan Industries, 158p.

Motors and Distributors, pre-

sented a drab appearance, closing

widely lower on small selling in

an unwilling market. Armstrong

Equipment shed 31 to 353p, while

Dowry, 105p, and Turner-Manufac-

turing, 100p, both closed 2p lower.

Lucas Industries, however, closed

[illegible]

FT SHARE INFORMATION SERVICE

CASH FOR EXPANSION

contact: B. D. Kay
INTERNATIONAL FACTORS LTD
Circus House, New England Road,
Brighton BN1 4GX Tel: (0273) 67600
Birmingham, Cardiff, Leeds,
London, Manchester.

BRITISH FUNDS

Table with 4 columns: High, Low, Stock, and Yield. Lists various British funds and their performance metrics.

Five to Fifteen Years

Table with 4 columns: High, Low, Stock, and Yield. Lists funds categorized by duration (Five to Fifteen Years).

Over Fifteen Years

Table with 4 columns: High, Low, Stock, and Yield. Lists funds categorized by duration (Over Fifteen Years).

**INTERNATIONAL BANK
88 1/2 75 1/2 100 1/2 150 1/2 200 1/2 250 1/2 300 1/2 350 1/2 400 1/2 450 1/2 500 1/2 550 1/2 600 1/2 650 1/2 700 1/2 750 1/2 800 1/2 850 1/2 900 1/2 950 1/2 1000 1/2

CORPORATION LOANS

Table with 4 columns: High, Low, Stock, and Yield. Lists various corporation loans.

COMMONWEALTH & AFRICAN LOANS

Table with 4 columns: High, Low, Stock, and Yield. Lists various Commonwealth and African loans.

LOANS

Table with 4 columns: High, Low, Stock, and Yield. Lists various loans.

FOREIGN BONDS & RAILS

Table with 4 columns: High, Low, Stock, and Yield. Lists various foreign bonds and rails.

AMERICANS

Table with 4 columns: High, Low, Stock, and Yield. Lists various American stocks.

AMERICANS-Continued

Table with 4 columns: High, Low, Stock, and Yield. Continuation of American stocks.

CANADIANS

Table with 4 columns: High, Low, Stock, and Yield. Lists various Canadian stocks.

BANKS AND HIRE PURCHASE

Table with 4 columns: High, Low, Stock, and Yield. Lists various banks and hire purchase companies.

BEERS, WINES AND SPIRITS

Table with 4 columns: High, Low, Stock, and Yield. Lists various beer, wine, and spirit companies.

FINANCIAL

Table with 4 columns: High, Low, Stock, and Yield. Lists various financial companies.

AMERICANS

Table with 4 columns: High, Low, Stock, and Yield. Continuation of American stocks.

BUILDING INDUSTRY-Cont.

Table with 4 columns: High, Low, Stock, and Yield. Lists various building industry companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table with 4 columns: High, Low, Stock, and Yield. Lists various building, timber, and road companies.

DRAPERY AND STORES

Table with 4 columns: High, Low, Stock, and Yield. Lists various drapery and store companies.

CHEMICALS, PLASTICS

Table with 4 columns: High, Low, Stock, and Yield. Lists various chemical and plastic companies.

CINEMAS, THEATRES AND TV

Table with 4 columns: High, Low, Stock, and Yield. Lists various cinema, theatre, and TV companies.

DRAPERY AND STORES

Table with 4 columns: High, Low, Stock, and Yield. Continuation of drapery and store companies.

DRAPERY AND STORES

Table with 4 columns: High, Low, Stock, and Yield. Continuation of drapery and store companies.

DRAPERY AND STORES-Cont.

Table with 4 columns: High, Low, Stock, and Yield. Continuation of drapery and store companies.

ELECTRICAL AND RADIO

Table with 4 columns: High, Low, Stock, and Yield. Lists various electrical and radio companies.

ENGINEERING MACHINE TOOLS

Table with 4 columns: High, Low, Stock, and Yield. Lists various engineering and machine tool companies.

ENGINEERING

Table with 4 columns: High, Low, Stock, and Yield. Lists various engineering companies.

ENGINEERING

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ENGINEERING-Continued

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INDUSTRIALS

(Misc.)

Large table containing various industrial and miscellaneous stock listings with columns for High, Low, Stock, and Yield.

FOOD, GROCERIES, ETC.

Table with 4 columns: High, Low, Stock, and Yield. Lists various food and grocery companies.

HOTELS AND CATERERS

Table with 4 columns: High, Low, Stock, and Yield. Lists various hotel and catering companies.

FINANCE, LAND—Continued[illegible][illegible][illegible][illegible][illegible][illegible]

1954	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
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[illegible][illegible]

93		TINS		28		1251		1613.6	
	39	18	Amal Nigeria	27	275		275		275
	395	20	Ayer Hitam SMI	52	52		52		52
	77	26	Berani Tim	22	22		22		22
	570	20	Benjamin SMI	496	496		496		496
	570	20	Georger	9	9		9		9
1.4	2.4	8	Kadai & Eme 12-9	9	9		9		9
	325	190	Gompeng Cons	255	255		255		255
6.4	3.6	150	Hongkong	88	88		88		88
1.7	0.7	100	Idris top	11	11		11		11
1.7	0.7	8	Jontar	69	69		69		69
3.2	4.8	490	Kamunting SMI 50	9	9		9		9
1.7	0.7	8	Kilungoh	40	40		40		40
3.8	4.8	490	Kluang	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9		9		9
3.2	4.8	490	Kilungoh	300	300		300		300
1.7	0.7	8	Malay Kelang SMI	40	40		40		40
3.2	4.8	490	Alpahang	300	300		300		300
1.7	0.7	8	Kamunting SMI 50	9	9				

NOTES

1. Unless otherwise indicated, prices and net dividends are in pence and denominated are 50s. Estimated price/earnings ratios and covers are based on latest annual reports and accounts. P/E's are not, where possible, based on the average of the last three years. P/E's are calculated on the basis of net distribution; bracketed figures indicate 100% net distribution. Covers are based on "maximum" distribution. Dividends are based on middle prices, are given in pence on "all rights" basis, and allow for the usual reduction in value of rights. Securities with denominated shares that are selling at quoted inclusive of the investment are bracketed.

a. Sterling denominated securities which include investment dollar premium.

b. -Tap Stock.

c. Mages and Lows marked thus have been adjusted to allow for rights issues for cash.

d. - denotes not reported.

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-2	95c		Sale Sale	16	Do, Warrid.	10	Bent.	7
-2	95c	102	Gen Accident	17	F. & D. Ind.	10	Burnish Oil	8
-2	95c	102	Rien Electric	18	H. & O. Ind.	10	Charter	24
-2	95c	102	Gen Electric	19	H. & O. Ind.	10	Shells	22
-2	95c	102	Grand Ind.	20	H. & O. Ind.	10	Mines	22
-2	95c	102	Gen Electric	21	H. & O. Ind.	10	Charter Cons.	12
-2	95c	102	Gen Electric	22	H. & O. Ind.	10	Cone. Gold	20
-2	95c	102	Gen Electric	23	H. & O. Ind.	10	Iron T. Zinc	10
-2	95c	102	Gen Electric	24	H. & O. Ind.	10	Trust Houses	12
-2	95c	102	Gen Electric	25	H. & O. Ind.	10	House of Comm.	12

A fraction of various traded is given on the London Stock Exchange Report page

